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BOBBY H. RICHARDSON  
WOODFORD L. GARDNER, JR.  
UHEL O. BARRICKMAN  
(1920-2005)  
T. RICHARD ALEXANDER II  

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**RECEIVED**

January 8, 2009

JAN 09 2009  
PUBLIC SERVICE  
COMMISSION

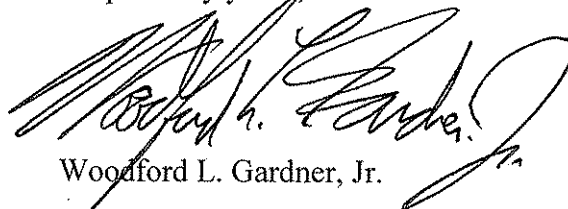
Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

RE: Application of Farmers Rural Electric Cooperative for an Adjustment of Rates  
PSC Case No. 2008-00030

Dear Mr. Derouen:

Enclosed for filing are ten copies of the application of Farmers Rural Electric Cooperative for an adjustment of rates. Please feel free to call if you have any questions or concerns.

Respectfully yours,



Woodford L. Gardner, Jr.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 09 2009

PUBLIC SERVICE  
COMMISSION

In the Matter of Adjustment of Rates  
of Farmers Rural Electric Cooperative  
Corporation

Case No. 2008-00030

APPLICATION

Farmers Rural Electric Cooperative Corporation (herein designated as "Farmers Rural Electric") hereby makes application for an adjustment of rates, as follows:

1. Farmers Rural Electric informs the commission that it is engaged in the business of operation of a retail electric distributions system in eight (8) counties in south central Kentucky and does hereby propose to adjust rates, effective February 9, 2009, in conformity with the attached schedule.

2. The name and post office address of the applicant is Farmers Rural Electric Cooperative Corporation, 504 South Broadway, Glasgow, Kentucky, 42141 [807 KAR 5:001, Section 8(1)].

3. The Articles of Incorporation and all amendments thereto for Farmers Rural Electric are attached with Exhibit A. [807 KAR 5:001, Section 8(3)].

4. The application is supported by a twelve month historical test period ending September 30, 2008 and includes adjustments for known and measurable changes [807 KAR 5:001, Section 10(1)(a)].

5. Farmers Rural Electric states that the reasons the rate adjustment are required pursuant to 807 KAR Section 10(1)(a)(1) are as follows:

a. Farmers Rural Electric has incurred increases in the cost of power, materials, equipments, labor, taxes, interest, debt service and other fixed and variable costs. Farmers Rural Electric has been required to borrow funds to finance its construction projects.

b. The financial condition of Farmers Rural Electric has deteriorated substantially over the past few years.

c. Farmers Rural Electric had a Times Interest Earned Ratio (TIER) of 0.37 for the test year ending September 30, 2008. The TIER was 1.08 for calendar year of 2007.

Farmers Rural Electric is required under its mortgage agreement of maintain an operating TIER of 1.25, based on an average of two of the three most current years.

d. Farmers Rural Electric requires this rate adjustment to meet the terms of the mortgage agreement and to maintain its financial stability and integrity.

e. The Board of Directors of Farmers Rural Electric at its meeting on December 18, 2008 received the current financial condition of Farmers Rural Electric and the need for a rate adjustment to maintain the financial stability and integrity of the Cooperative. The Board of Directors adopted a resolution directing the administrative staff and consultants to proceed with the necessary application and filings with the Public Service Commission to adjust the rates of the Cooperative. A copy of the resolution is attached as Exhibit F.

6. Annual reports, including the most recent calendar year, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1) [807 KAR 5:001, Section 10(1)(a)2].

7. Farmers Rural Electric is not a limited partnership [807 KAR 5:001, Section 10(1)(a) 4].

8. Farmers Rural Electric files with this application a Certificate of Good Standing dates within 60 days of the date of this application and attached as Exhibit A. [807 KAR 5:001, Section 10(1)5].

9. Farmers Rural Electric does not conduct business under an assumed name [807 KAR 5:001, Section 10(1)(a)6].

10. The proposed tariff is attached as Exhibit B in a form that complies with 807 KAR 5:001 with an effective date not less than 30 days from the date of this application [807 KAR 5:001, Section 10(1)(a)7].

11. The proposed tariff changes, identified in compliance with 807 KAR 5:001, are shown by providing the present and proposed tariffs in comparative form on the same sheet, side by side, or on facing sheets, side by side, as Exhibit C [807 KAR 5:001, Section 10(1)(a)8].

12. Farmers Rural Electric has given notice to its members of the filing of this application in accordance with 807 KAR 5:001, Section 3-10 (3) and (4). A copy of the notice is attached as Exhibit D [807 KAR 5:001, Section 10(1)(a)9].

13. Farmers Rural Electric filed with the Commission a written notice of intent to file a rate application at least four (4) weeks prior to filing this application. The notice of intent stated the rate application would be supported by a historical test period and was served upon

the Attorney General, Utility Intervention and Rate Division is shown as Exhibit E [807 KAR 5:001, Section 10(2)].

14. A complete description and qualified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment, including a Revenue Analysis shown as Exhibit G [807 KAR 5:001, Section (10)(6)(a)].

15. The prepared testimony of each witness supporting the application are attached as Exhibits H [807 KAR 5:001, Section 10(6)(b)].

16. A statement estimating the effect the new rates will have upon the revenues of Farmers Rural Electric, including, at a minimum, the total amount of revenues resulting from the increase or decrease and the percentage of the increases or decreases and the percentage of the increase or decrease is shown by Exhibit G [807 KAR 5:001, Section 10(6)(d)].

17. The effect upon the average bill for each customer classification to which the proposed rate change will apply is shown by Exhibits I and J [807 KAR 5:001, Section 10(6)(e)].

18. An analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class is shown by Exhibit J [807 KAR 5:001, Section 10(6)(g)].

19. A summary of the Cooperative's determination of its revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage or operating ratio, with supporting schedules is shown by Exhibit K [807 KAR 5:001, Section 10(6)(h)].

20. A reconciliation of the rate base and capital used to determine its revenue requirements is shown by Exhibit L [807 KAR 5:001, Section 10(6)(i)].

21. A current chart of accounts is shown by Exhibit M [807 KAR 5:001, Section 10(6)(j)].

22. The independent auditor's report is attached as Exhibit N [807 KAR 5:001, Section 10(6)(k)].

23. The Federal Energy Regulatory Commission or Federal Communications Commission have not audited Farmers Rural Electric and no audit reports exist [807 KAR 5:001, Section 10(6)(l)].

24. No Federal Energy Regulatory Commission Form 1 exists as to Farmers Rural Electric [807 KAR 5:001, Section 10(6)(m)].



25. Farmers Rural Electric has never had a depreciation study performed. [807 KAR 5:001, Section 10(6)(n)].

26. A list of commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of this application are attached as Exhibit O [807 KAR 5:001, Section 10(6)(o)].

27. No stock or bond offerings have been made by Farmers Rural Electric [807 KAR 5:001, Section 10(6)(p)].

28. Annual Reports to members for 2008 and 2007 are attached as Exhibit P [807 KAR 5:001, Section 10(6)(q)].

29. The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period are attached as Exhibit Q [807 KAR 5:001, Section 10(6)(r)].

30. No Securities and Exchange Commission Annual Reports exist as to Farmers Rural Electric because it is not regulated by that regulated body [807 KAR 5:001, Section 10(6)(s)].

31. Farmers Rural Electric had no amounts charged or allocated to it by an affiliate or general or home office and did not pay monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years [807 KAR 5:001, Section 10(6)(t)].

32. A cost of service study based on a methodology generally accepted within the electric industry and based on current and reliable data for the test period is attached as Exhibit R [807 KAR 5:001, Section 10(6)(u)].

33. Farmers Rural Electric is not a Local Exchange Carrier or Company as set forth in 807 KAR 5:001, Section 10(6)(v)].

34. A detailed income statement and balance sheet reflecting the impact of all proposed adjustments is attached as Exhibit S [807 KAR 5:001, Section 10(7)(a)].

35. No "proposed pro forma adjustments reflecting plant additions" exist or apply to Farmers Rural Electric [807 KAR 5:001, Section (7)(c)].

36. The operating budget for each month of the period encompassing the pro forma adjustments is attached as Exhibit T [807 KAR 5:001, Section (7)(d)].

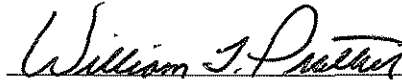
37. Additional financial exhibits required by 807 KAR 5:001, Section 10, financial information covering twelve (12) month historical test period ending September 30, 2008, and other information required to be filed is attached by exhibits, as follows:

- |            |   |
|------------|---|
| Exhibit U  | By-Laws   |
| Exhibit V  | Detailed comparative income statement, statement of cash flows and balance sheet                  |
| Exhibit W  | Schedule showing monthly comparison of balance sheet accounts from Test year to Preceding year    |
| Exhibit X  | Schedule showing monthly comparison of income statement accounts from Test year to Preceding Year |
| Exhibit Y  | Trial balance at end of test year   |
| Exhibit Z  | Capital structure   |
| Exhibit 1  | Adjustment for salaries and wages   |
| Exhibit 2  | Adjustment for payroll taxes  |
| Exhibit 3  | Adjustment for depreciation   |
| Exhibit 4  | Adjustment for property taxes   |
| Exhibit 5  | Adjustment for long term and short term interest  |
| Exhibit 6  | Adjustment for post-retirement benefits   |
| Exhibit 7  | Adjustment for retirement costs   |
| Exhibit 8  | Adjustment for donations  |
| Exhibit 9  | Adjustment for professional fees  |
| Exhibit 10 | Adjustment for director expenses  |
| Exhibit 11 | Adjustment for miscellaneous expenses   |
| Exhibit 12 | Adjustment for rate case expenses   |
| Exhibit 13 | Adjustment for cable television attachments   |
| Exhibit 14 | Adjustment for non-recurring charges  |
| Exhibit 15 | Adjustment for purchase power   |
| Exhibit 16 | Adjustment for normalized revenue   |
| Exhibit 17 | Adjustment for end of year customer adjustment  |
| Exhibit 18 | KAEC Statistical Comparison   |
| Exhibit 19 | Capitalization policies and employee benefits   |
| Exhibit 20 | Equity management plan  |

WHEREFORE, FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION applies and requests approval of the adjustment of rates as set forth in this application and issuance of an order approving and authorizing the new rates at the earliest possible date.

Dated: January 7<sup>th</sup>, 2009.

Farmers Rural Electric Cooperative Corporation



William T. Prather, President & CEO

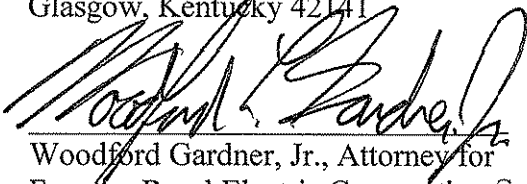
COUNSEL:

WOODFORD GARDNER, JR.

Richardson, Gardner, Barrickman & Alexander

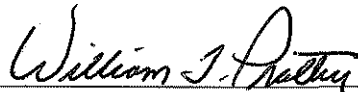
117 East Washington Street

Glasgow, Kentucky 42141



Woodford Gardner, Jr., Attorney for  
Farmers Rural Electric Cooperative Corporation

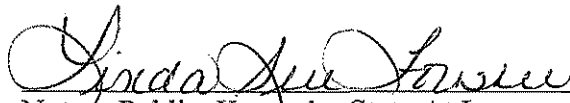
I, William T. Prather, President & CEO, state that the statements contained in the foregoing application are true to the best of my information and belief.



William T. Prather, President & CEO

Farmers Rural Electric Cooperative Corporation

Subscribed and sworn to before me by William T. Prather as President & CEO of Farmers Rural Electric Cooperative Corporation this 7<sup>th</sup> day of January, 2009.



Notary Public, Kentucky State At Large

My Commission Expires: 7-30-2011



Commonwealth of Kentucky  
Trey Grayson, Secretary of State

12/29/2008

Division of Corporations  
Business Filings

P. O. Box 718  
Frankfort, KY 40602  
(502) 564-2848  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication Number: 74535  
Jurisdiction: Farmers Rural Electric Cooperative Corporation  
Visit <http://apps.sos.ky.gov/business/obdb/certvalidate.aspx> to authenticate this certificate.

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records of the Office of the Secretary of State,

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

is a nonprofit corporation duly incorporated and existing under KRS Chapter 273, whose date of incorporation is March 15, 1938 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of state have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 273.3671 has been delivered to the Secretary of State.

IN WITNESS THEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 29th day of December, 2008.



*Trey*

Trey Grayson  
Secretary of State  
Commonwealth of Kentucky  
74535/0016961



P. S. C. Ky. No. 9

Cancels P. S. C. Ky. No. 8

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

OF

GLASGOW, KENTUCKY

Rates, Rules and Regulations for Furnishing  
**ELECTRICITY**

AT

BARREN, HART, METCALFE

AND PARTS OF

ADAIR, GREEN, LARUE, GRAYSON AND EDMONSON

COUNTIES OF KENTUCKY

Filed with **PUBLIC SERVICE COMMISSION OF  
KENTUCKY**

ISSUED May 20, 19.81.

EFFECTIVE May 1, 19.81.

FARMERS RURAL ELECTRIC  
ISSUED BY COOPERATIVE CORPORATION  
(Name of Utility)

BY *J. B. Allenway*  
Manager

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 1

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

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

18<sup>th</sup> Revised SHEET NO. 1

**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. (T)

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

RATES PER MONTH:

<i>Customer Charge</i>			\$ 9.00		(FN)
<del>First</del>	<del>50 kWh</del>	<del>@</del>	<del>\$0.14963</del>		<del>(D)</del>
All Remaining	kWh	@	0.06936	0.08299	(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 July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY W. Wayne Davis  
(Signature of Officer)

TITLE actly President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00515 Dated July 25, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 2

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

18<sup>th</sup> Revised SHEET NO. 2

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

**RATES AND CHARGES**

\$ 9.00

**SCHEDULE R - RESIDENTIAL SERVICE**

**MINIMUM CHARGES:** The minimum monthly charge to consumers billed under the above rate shall be ~~\$7.48~~ for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kWh corresponding to the minimum charge in accordance with the foregoing rate. The minimum monthly charge for three-phase service shall be \$0.75 per kVA of installed transformer capacity. (I)

**TERMS OF PAYMENT:** The above rates are net, the gross rates are <sup>5</sup> ~~10~~ percent higher, ~~but not more than \$5.00 on the unpaid amount.~~ If the current monthly bill is not paid by the 15th of the month following the meter reading date, the gross rates shall then apply. No delayed payment charge shall be applicable to schools, churches and community buildings. (T)

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Davis  
(Signature of Officer)

TITLE acting President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2006-00515 Dated July 25, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 3

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

18<sup>th</sup> 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	\$ 11.00	(2)
<i>Customer Charge</i>			
<del>First</del>	<del>50 kWh</del>	<del>@ \$0.14963 per kWh</del>	<del>(1)</del>
All Remaining	kWh	@ 0.07262 per kWh	(1)
		0.07739	

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

<i>Customer charge</i>	\$ 50.00	(2)
Kilowatt Demand Charge:	\$5.06 per kW	(1)
	\$ 6.86	
Energy Charge:		
All	kWh @ \$0.05684 per kWh	(1)
	0.05897	

DATE OF ISSUE July 25, 2007

Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007

Month / Date / Year

ISSUED BY H. Wayne Davis

(Signature of Officer)

TITLE acting President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00515 Dated July 25, 2007

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

18<sup>th</sup> Revised SHEET NO. 4

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

17<sup>th</sup> Revised SHEET NO. 4

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

**RATES AND CHARGES**

**SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE**

**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 month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

**POWER FACTOR ADJUSTMENT:** The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of maximum demand is less than ~~85~~ <sup>90</sup> percent, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by ~~85~~ <sup>90</sup> percent and divided by the per cent power factor. (I)

**MINIMUM MONTHLY CHARGE:** The minimum monthly charge under the above rates shall be ~~\$7.48~~ for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kilowatt hours corresponding to the minimum charge in accordance with the foregoing rate. (I)

The minimum monthly charge for three-phase service shall be \$0.75 per kVA of installed transformer capacity or the minimum monthly charge stated in the service contract. Where it is necessary to extend or re-enforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with the terms of this section, additional energy shall be included in accordance with the foregoing rate schedule. (I)

DATE OF ISSUE July 25, 2007  
Month / Date / Year  
DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year  
ISSUED BY H. Wayne Davis  
(Signature of Officer)  
TITLE acty President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00515 Dated July 25, 2007

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)  
By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

6th Revised SHEET NO. 5

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. 9

5th Revised SHEET NO. 5

CLASSIFICATION OF SERVICE	
SCHEDULE C - COMMERCIAL & INDUSTRIAL SERVICE	RATE PER UNIT
<p><u>SERVICE AT PRIMARY VOLTAGE:</u></p> <p>If service is furnished at primary distribution voltage, a discount of 10% shall apply to both energy and demand charges. However, service may be metered at secondary voltage and adjusted to primary metering by adding the estimated transformer losses to the metered kilowatt hours.</p> <p><u>FUEL ADJUSTMENT CLAUSE:</u></p> <p>All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kilowatt hour equal to the fuel adjustment amount per kilowatt hour as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% 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.</p> <p><u>TERMS OF PAYMENT:</u></p> <p>The above rates are net, the gross rates are <del>10% higher, but not more than \$5.00 on the unpaid amount.</del> If the current monthly bill is not paid by the 15th of the month following the meter reading date, the gross rates shall then apply. No delayed payment charges shall be applicable to schools, churches and community buildings.</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JUN 01 1986 PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: <i>J. Steeghegan</i> (7)</p>

DATE OF ISSUE May 28, 1986 DATE EFFECTIVE June 1, 1986

ISSUED BY *J. B. Gallaway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 9446 dated May 15, 1986.

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 6

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

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

18<sup>th</sup> Revised SHEET NO. 6

**RATES AND CHARGES**

**SCHEDULE 01 – 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</u>		
			<u>Per Lamp</u>		
Mercury Vapor	175	70	\$6.98	8.72	(I)
Mercury Vapor	250	98	7.95	9.93	(I)
Mercury Vapor	400	156	12.07	15.07	(I)
Mercury Vapor	1000	378	21.09	26.35	(I)
Sodium Vapor	100	42	7.31	9.14	(I)
Sodium Vapor	150	63	8.48	10.59	(I)
Sodium Vapor	250	105	11.49	14.39	(I)
Sodium Vapor	400	165	14.74	18.41	(I)
Sodium Vapor	1000	385	31.88	39.83	(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.

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Davis  
(Signature of Officer)

TITLE acting President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00515 Dated July 25, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6A

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE																																
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT																															
<p><u>APPLICABILITY:</u> In all territory served by the company on poles owned and used by the company for their electric plant.</p> <p><u>AVAILABILITY:</u> To all qualified CATV operators having the right to receive service.</p> <p><u>RENTAL CHARGE:</u> The yearly rental charges shall be as follows:</p> <table border="0"> <tr> <td>Two-party pole attachment</td> <td rowspan="6" style="text-align: center;">           PUBLIC SERVICE COMMISSION            OF KENTUCKY            EFFECTIVE   <b>JAN 1 1984</b>             PURSUANT TO 807 KAR 5:011,            SECTION 9 (1)            BY: <i>Jordan C. Noel</i> </td> <td>4.02 (I)</td> </tr> <tr> <td>Three-party pole attachment</td> <td>\$ 1.87</td> </tr> <tr> <td>Two-party anchor attachment</td> <td>3.53 (I)</td> </tr> <tr> <td>Three-party anchor attachment</td> <td>1.66</td> </tr> <tr> <td>Grounding attachment</td> <td>6.20 (I)</td> </tr> <tr> <td>Pedestal attachment</td> <td>3.70</td> </tr> <tr> <td></td> <td></td> <td>4.09 I</td> </tr> <tr> <td></td> <td></td> <td>2.46</td> </tr> <tr> <td></td> <td></td> <td>0.30 (2)</td> </tr> <tr> <td></td> <td></td> <td><del>0</del></td> </tr> <tr> <td></td> <td></td> <td>0.19 (2)</td> </tr> <tr> <td></td> <td></td> <td><del>0</del></td> </tr> </table> <p><u>BILLING:</u> Rental charges shall be billed yearly, in advance, based on the number of pole attachments. The rental charges are net, the gross being ten percent (10%) higher. In the event the current monthly bill is not paid within thirty (30) days from the date of the bill, the gross rate shall apply.</p>	Two-party pole attachment	PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE  <b>JAN 1 1984</b>  PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: <i>Jordan C. Noel</i>	4.02 (I)	Three-party pole attachment	\$ 1.87	Two-party anchor attachment	3.53 (I)	Three-party anchor attachment	1.66	Grounding attachment	6.20 (I)	Pedestal attachment	3.70			4.09 I			2.46			0.30 (2)			<del>0</del>			0.19 (2)			<del>0</del>	
Two-party pole attachment	PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE  <b>JAN 1 1984</b>  PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: <i>Jordan C. Noel</i>		4.02 (I)																													
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DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY J.B. Galloway TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982.

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6B

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_  
SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>Note: Discount or penalty must apply to all electric consumers, but shall apply to advance billing only if given at least thirty (30) days before the late penalty takes effect.</p> <p><u>SPECIFICATIONS:</u></p> <p>A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which the latter will govern.</p> <p>B. The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.</p> <p><u>ESTABLISHING POLE USE:</u></p> <p>A. Before the CATV operators shall make use of any of the poles of the Cooperative under this tariff, they shall notify the Cooperative of their intent in writing and shall comply with the procedures established by the Cooperative. The CATV operator shall furnish the Cooperative detailed construction plans and drawings for each pole line, together with necessary maps, indicating specifically the poles of the Cooperative, the number and character of the attachments to be placed on such poles, and rearrangements of the Cooperative's fixtures and equipment necessary for the attachment, any relocation or replacements of existing poles, and any additional poles that CATV intends to install.</p> <p>The Cooperative shall, on the basis of such detailed construction plans and drawings, submit to the CATV operators a cost estimate (including overhead and less salvage value of materials) of all changes that may be required in each such pole line. Upon written notice by the CATV operators to the Cooperative that the cost estimate is approved, the Cooperative shall proceed with the necessary changes in pole lines covered by cost</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <i>Jordan C. Neil</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J.B. Ballerway* TITLE General Manager  
Name of Officer

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Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6C

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>estimate.</p> <p>Upon completion of all changes, the CATV operators shall have the right hereunder to make attachments in accordance with the terms of the application of this tariff. The CATV operators shall, at their own expense, make attachments in such manner as not to interfere with the service of the Cooperative.</p> <p>B. Upon completion of all changes, the CATV operators shall pay to the Cooperative the actual cost (including overhead and less salvage value of materials) of making such changes. The obligations of the CATV operators hereunder shall not be limited to amounts shown on estimates made by the Cooperative hereunder. An itemized statement of the actual cost of all such changes shall be submitted by the Cooperative to the CATV operators, in a form mutually agreed upon.</p> <p>C. Any reclearing of existing rights-of-way and any tree trimming necessary for the establishment of pole line attachments hereunder shall be performed by the CATV operators.</p> <p>D. All poles to which attachments have been made under this tariff shall remain the property of the Cooperative, and any payments made by the CATV operators for changes in pole line under this tariff shall not entitle the CATV operator to the ownership of any of said poles.</p> <p>E. Any charges necessary for correction of substandard installation made by the CATV operators where notice of intent had not been requested, shall be billed at rate equal to twice the charges that would have been imposed if the attachment had been properly authorized.</p> <p><u>EASEMENTS AND RIGHTS-OF-WAY:</u></p> <p>A. The Cooperative does not warrant nor assure to the CATV operators any rights-of-way privileges or easements, and if the CATV operators shall at any time be prevented from placing or maintaining its attachments on the Cooperative's poles, no liability on account thereof shall attach to the</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5:01 SECTION 9(1) BY: <u>Jordan Chief</u></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY J. B. Holloway TITLE General Manager  
Name of Officer

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Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6D

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_  
SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>Cooperative. Each party shall be responsible for obtaining its own easements and rights-of-way.</p> <p><u>MAINTENANCE OF POLES, ATTACHMENTS AND OPERATION:</u></p> <p>A. Whenever right-of-way considerations or public regulations make relocation of a pole, or poles necessary, such relocation shall be made by the Cooperative at its own expense, except that each party shall bear the cost of transferring its own attachments.</p> <p>B. Whenever it is necessary to replace or relocate an attachment, the Cooperative shall, before making such replacement or relocation, give forty-eight (48) hours notice (except in cases of emergency) to the CATV operators, specifying in said notice the time of such proposed replacement or relocation, and the CATV operators shall, at the time so specified, transfer its attachments to the new or relocated pole. Should the CATV operators fail to transfer its attachments to the new or relocated pole at the time specified for such transfer of attachments, the Cooperative elect to do such work and the CATV operators shall pay the Cooperative the cost thereof.</p> <p>C. Any existing attachment of CATV which does not conform to the specifications as set out in this tariff hereof shall be brought into conformity therewith as soon as practical. The Cooperative, because of the importance of its service, reserves the right to inspect each new installation of the CATV operator on its poles and in the vicinity of its lines or appurtenances. Such inspection, made or not, shall not operate to relieve the CATV operators of any responsibility, obligations or liability assumed under the tariff.</p> <p>D. The Cooperative reserves to itself, its successor and assigns, the right to maintain its poles and to operate its facilities thereon in such manner as will, in its own judgement, best enable it to fulfill its own service requirements. The Cooperative shall not be liable to the CATV operators for any interruption of service of CATV operator or for inter-</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5:01 SECTION 2(1) BY: <i>Jordan C. Huff</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J. B. Ballerway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6E

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>ference with the operation of the cables, wires and appliances of the CATV operators arising in any manner out of the use of the Cooperative's poles hereunder.</p> <p>The Cooperative shall exercise reasonable care to avoid damaging the facilities of the CATV operator, make an immediate report to the CATV operator of the occurrence of any such damage caused by its employees, agents or contractors, and, except for removal for non-payment or for failure to post or maintain the required "Performance Bond," agrees to reimburse the CATV operator for all reasonable cost incurred by the CATV operator for the physical repair of facilities damaged by the negligence of the Cooperative.</p> <p><u>INSPECTIONS:</u></p> <p>A. <u>Periodic Inspection:</u> Any unauthorized or unreported attachment by CATV operator will be billed at a rate of two times the amount equal to the rate that would have been due had the installation been made the day after the last previously required inspection.</p> <p>B. <u>Make-Ready Inspection:</u> Any "make-ready" inspection or "walk-through" inspection required of the Cooperative will be paid for by the CATV operators at a rate equal to the Cooperative's actual expenses, plus appropriate overhead charges.</p> <p><u>INSURANCE OR BOND:</u></p> <p>A. The CATV operator agrees to defend, indemnify and save harmless the Cooperative from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature, including, but not limited to, costs and expenses of defending against the same and payment of any settlement or judgment therefor, by reason of (a) injuries or deaths to persons, (b) damages to or destruction of properties, (c) pollutions, contaminations of or other adverse effects on the environment or (d) violations of governmental laws, regulations or orders whether suffered directly by the Cooperative itself, or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5:01 SECTION 9(1) BY: <i>Jordan Chief</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J.P. Ballaway* TITLE General Manager

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6F

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_  
SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>resulted from acts or omissions of the CATV operator, its employees, agents, or other representatives or from their presence on the premises of the Cooperative, either solely or in concurrence with any alleged joint negligence of the Cooperative. The Cooperative shall be liable for sole active negligence.</p> <p>B. The CATV operators will provide coverage from a company authorized to do business in the Commonwealth of Kentucky:</p> <ol style="list-style-type: none"> <li>1. Protection for its employees to the extent required by <u>Workmen's Compensation Law of Kentucky</u>. <i>Public liability coverage to be a minimum aggregate amount of \$2,000,000 for each occurrence resulting injury or death of personal and/or damage or destruction of property</i></li> <li>2. <del>Public liability coverage with separate coverage for each town or city in which the CATV operators operate under this contract to a minimum amount of \$100,000.00 for each person and \$300,000.00 for each accident or personal injury or death, and \$25,000.00 as to the property of any one person, and \$100,000.00 as to any one accident of property damage.</del> <i>minimum limits set by the State of Kentucky if greater</i></li> </ol> <p>Before beginning operations under this tariff, the CATV operators shall cause to be furnished to the Cooperative a certificate for such coverage, evidencing the existence of such coverage. Each policy required hereunder shall contain a contractual endorsement written as follows:</p> <p>"The insurance or bond provided herein shall also be for the benefit of Farmers Rural Electric Cooperative Corporation, so as to guarantee, within the coverage limits, the performance by the insured of any indemnity agreement set forth in this tariff. This insurance or bond may not be cancelled for any cause without thirty (30) days advance notice being first given to Farmers Rural Electric Cooperative Corporation."</p> <p><u>CHANGE OF USE PROVISION:</u></p> <p>A. When the Cooperative subsequently requires a change in its poles or</p>	<p>CC and 1,000,000 (1000) or statutory public</p> <p>(c)</p> <p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5: SECTION 9(1) BY: <i>Jordan Eneel</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J.B. Galloway* TITLE General Manager  
Name of Officer

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Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 66

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>attachment for reasons unrelated to CATV operations, the CATV operator shall be given forty-eight (48) hours notice of the proposed change (except in case of emergency). If the CATV operator is unable or unwilling to meet the Cooperative's time schedule for such changes, the Cooperative may do the work and charge the CATV operator its reasonable cost for performing the change of CATV attachments.</p> <p><u>ABANDONMENT:</u></p> <p>A. If the Cooperative desires at any time to abandon any pole to which CATV operator has attachments, it shall give the CATV operator notice in writing to that effect at least thirty (30) days prior to the date on which it intends to abandon such pole. If, at the expiration of said period, the Cooperative shall have no attachments on such pole, but the CATV operator shall not have removed all of its attachments therefrom, such pole shall thereupon become the property of the CATV operator, and the CATV operator shall save harmless the Cooperative from all obligation, liability, damages, cost, expenses or charges incurred thereafter; and shall pay the Cooperative for such pole an amount equal to the Cooperative's depreciated cost thereof. The Cooperative shall further evidence transfer to the CATV operator of title to the pole by means of a bill of sale.</p> <p>B. The CATV operator may at any time abandon the use of the attached pole by giving due notice thereof in writing to the Cooperative and by removing therefrom any and all attachments it may have thereon. The CATV operator shall in such case pay to the Cooperative the full rental for said pole for the then current billing period.</p> <p><u>RIGHTS OF OTHERS:</u></p> <p>A. Upon notice from the Cooperative to the CATV operator that the use of any pole or poles is forbidden by municipal or other public authorities or by property owners, the permit governing the use of such pole or poles shall immediately terminate and the CATV operator shall remove its facilities from the affected pole or poles at once. No refund of any</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR SECTION 9(1) BY: <i>Jordan C. Mc...</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J. B. Holloway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6H

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>rental will be due on account of any removal resulting from such forbidden use.</p> <p><u>PAYMENT OF TAXES:</u> Each party shall pay all taxes and assessments lawfully levied on its own property upon said attached poles, and the taxes and the assessments which are levied on said property shall be paid by the owner thereof, but any tax fee, or charge levied on the Cooperative's poles solely because of their use by the CATV operator shall be paid by the CATV operators.</p> <p><u>BOND OR DEPOSITOR PERFORMANCE:</u> A. The CATV operators shall furnish bond or satisfactory evidence of contractual insurance coverage for the purposes hereinafter specified in the amount of Twenty-five Thousand Dollars (\$25,000.00) until such time as the CATV operator shall occupy twenty-five hundred (2500) poles of the Cooperative and thereafter the amount thereof shall be increased to increments of One Thousand Dollars (\$1,000.00) for each one hundred (100) poles (or fraction thereof) occupied by the CATV operator, evidence of which shall be presented to the Cooperative fifteen (15) days prior to beginning construction. Such bond or insurance shall contain the provision that it shall not be terminated prior to six (6) months after receipt by the Cooperative of written notice of the desire of the Bonding or Insurance Company to terminate such bond or insurance. Upon receipt of such notice, the Cooperative shall request the CATV operator to immediately remove its cables, wires, and all other facilities from all poles of the Cooperative. If the CATV operator should fail to complete the removal of all its facilities from the poles of the Cooperative within thirty (30) days after receipt of such request from the Cooperative, then the Cooperative shall have the right to remove them at the cost and expense of the CATV operator and without being liable for any damage to the CATV operator's wires, cables, fixtures, or appurtenances. Such bond or insurance shall guarantee the payment of any sums which may become due to the Cooperative for rentals, inspections or work performed for the benefit to the CATV operator under this tariff, including the removal of</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 29 1 1984</p> <p>PURSUANT TO 807 KAR 5:0 SECTION 9(1) BY: <i>Jordan C. Reed</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J. B. Bellway* TITLE General Manager  
Name of Officer

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Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 61

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>attachments upon termination of service by any of its provisions.</p> <p>B. After the CATV operator has been a customer of the Cooperative and not in default for a period of two years, the Cooperative shall reduce the bond by 50%, or, at the Cooperative's option, require a deposit in keeping with 807 KAR 5:006, Section 7.</p> <p><u>USE OF ANCHORS:</u></p> <p>The Cooperative reserves the right to prohibit the use of any existing anchors by CATV operator where the strength or conditions of said anchors cannot be readily identified by visual inspection.</p> <p><u>DISCONTINUANCE OF SERVICE:</u></p> <p>The Cooperative may refuse or discontinue serving an applicant or customer under the conditions set out in 807 KAR 5:006 Sec. 11 (1).</p> <p style="text-align: center;"><u>EXHIBIT A</u></p> <p style="text-align: center;"><u>DEVELOPMENT OF RENTAL CHARGES</u></p> <p>1. Equation - Annual Charge - Two-Party Pole</p> <p>Annual Charge = (Average embedded cost 35' and under poles plus 40' and 45' poles - \$12.50) X annual carrying charge factor X .1224</p> <p style="margin-left: 40px;"> <math>\\$196.00</math>      <math>.192</math>      <math>402</math> </p> <p>Two-Party Charge - <math>\\$75.61 - 0^* X .2078 X .1224 = \\$1.87</math></p> <p>2. Equation - Annual Charge - Three-Party Pole</p> <p>Annual Charge = (Average embedded cost 40' and 45' poles - \$12.50) X annual carrying charge factor X .0759</p>	<p style="text-align: right;">PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE</p> <p style="text-align: right;">JAN 1 1984</p> <p style="text-align: right;">PURSUANT TO 807 KAR 5:011, SECTION 9(1)</p> <p style="text-align: right;">BY: <i>Jordan Chief</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J. Ballaway* TITLE General Manager  
Name of Officer

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Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6J

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE		RATE PER UNIT
CABLE TELEVISION ATTACHMENT TARIFF		
Three-Party Charge = $\$105.29 - 0^* \times .2078 \times .0759 = \$1.66$ <i>27.29                      1972                      3.53</i>		(1)
3. Equation - Annual Charge - Two-User Anchor Attachment		
Annual Charge - embedded cost of anchors X annual carrying charge factor X .50		
Two-Party Charge = $\$35.58 \times .2078 \times .50 = \$3.70$ <i>62.62                      1972                      6.20</i>		(1)
4. Equation - Annual Charge - Three-User Anchor Attachment		
Annual Charge = embedded cost of anchors X annual carrying charge factor X 33 1/3		
Three-Party Charge = $\$35.58 \times .2078 \times .3333 = \$2.46$ <i>62.62                      1972                      4.09</i>		(1)
* Ground wires are not included with poles at Farmers R. E. C. C.		
<u>EXHIBIT B</u>		
<u>DEVELOPMENT OF ANNUAL CARRYING CHARGE</u>		
Fixed Charges on Investment from PSC Annual Report (12/31/82)		
1. Operation and Maintenance Expense Line No. 53, Page 14	<i>3,068.433</i> \$ <del>657,492.54</del>	
2. Consumer Accounts Expense Line No. 8, Page 15	<i>1,040.265</i> <del>232,557.89</del>	
3. Customer Service and Informational Expense Line No. 14, Page 15	<i>283.693</i> <del>102,091.70</del>	
4. Administrative and General Expense Line No. 35, Page 15	<i>1,612.818</i> <del>494,479.88</del>	

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 1 1984

PURSUANT TO 807 KAR 5:011  
SECTION 9(1)

BY: *Jordan C. Neal*

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J. B. Galloway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in  
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Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6K

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE		RATE PER UNIT
CABLE TELEVISION ATTACHMENT TARIFF		
5. Depreciation Expense Line No. 28, Page 13	1,807.901 529,307.54	
6. Taxes Other than Income Taxes Line No. 30, Page 13	432.131 155,380.03	
Sub-total	8305.741 \$ 2,171,309.58	13.28%
Divided by Line 2, Page 1	\$17,721,274.37	12.25%
	62,526.000	
7. "Cost of Money" Rate of Return on Investment Allowed in the last General Rate Increase, Case No. 8438 effective 6/1/82	8.53%	6.44 8.53%
B. <i>not plus Ratio Adjustment:</i> Substation Plant 57,121,645 Annual Carrying Charges Accumulated depreciation 14,011,008	24.5%	19.72% 20.78%
<p>Note: All line numbers and page numbers referred to above are per the 12/31/82 PSC Annual Report.</p> <p>2057</p>		
<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE  JAN 1 1984  PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <u>Jordan Chel</u></p>		

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY J.B. Gallaway TITLE General Manager

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Case No. 8090 dated September 17, 1982



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

10<sup>th</sup> Revised SHEET NO. 6L

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

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

9<sup>th</sup> Revised SHEET NO. 6L

**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 \$0.04612 per rated kWh per month as determined from Table I below: (I)

**TABLE I**

Type of Lamp	Lamp Size		Rated kWh
	Watts	Lumens	
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.

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Jais  
(Signature of Officer)

TITLE acty President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2006-00515 Dated July 25, 2007

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Territory Served  
Community, Town or City

P.S.C. NO. 9

Original SHEET NO. 6M

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Farmers Rural Electric  
Cooperative Corporation  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

STREET LIGHTING SERVICE - SCHEDULE SL

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.

TERMS OF PAYMENT: The rates stated are net. <sup>per gross rates on SL lines.</sup> ~~In the event~~ the current monthly bill is not paid by the 15th of the month, the charges for the current month shall be increased by 5 percent.

LAMP REPLACEMENTS: The Cooperative will bear the costs of normal repairs and replacements. In the event of loss or damage caused by vandalism to the Cooperative's facilities, the Cooperative will bear the costs of repairing or replacing said facilities once within any 12 month period. If the facilities are damaged again within said period, repairs or replacements will not be made unless the Consumer bears the costs.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

SEP 8 1992

PURSUANT TO 807 KAR 5:011.  
SECTION 9 (1)

BY: [Signature]  
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE March 31, 1992 DATE EFFECTIVE September 8, 1992

ISSUED BY Jackie B. Browning TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 92-156 dated September 8, 1992.

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

15<sup>th</sup> Revised SHEET NO. 6N

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

14<sup>th</sup> 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.

	<u>RATES PER MONTH</u>			
<i>Customer charge</i>				(N)
Kilowatt Demand Charge:		50.00		(I)
		\$5.07 per kW		
		6.86		
Energy Charge:				
All	kWh	@	\$0.05684 per kWh	(I)
			0.05684	

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.

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Davis  
(Signature of Officer)

TITLE Acting President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2006-00515 Dated July 25, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 60

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
<p align="center"><b>SCHEDULE D - LARGE COMMERCIAL/INDUSTRIAL SERVICE</b> <b>OPTIONAL TIME-OF-DAY RATE</b></p>	<p align="center"><b>RATE</b> <b>PER UNIT</b></p>
<p><u>POWER FACTOR ADJUSTMENT:</u> <span style="float: right;">90%</span></p> <p>The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of maximum demand is less than 85%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 85% and divided by the per cent power factor. <span style="float: right;">90%</span></p> <p><u>MINIMUM MONTHLY CHARGE:</u> <span style="float: right;">\$50.00, or</span></p> <p>The minimum monthly charge for service shall be 75¢ per KVA of installed transformer capacity or the minimum monthly charge stated in the service contract. Where it is necessary to extend or re-enforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with the terms of this section, additional energy shall be included in accordance with the foregoing rate schedule.</p> <p><u>SERVICE AT PRIMARY VOLTAGE:</u></p> <p>If service is furnished at primary distribution voltage, a discount of 10% shall apply to both energy charges. However, service may be metered at secondary and adjusted to primary metering by adding the estimated transformer losses to the metered kilowatt hours.</p> <p align="right">PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE MAY 28 1985</p> <p align="right">PURSUANT TO 807 KAR 5011, SECTION 9 (1) BY: <u>J. Leoghegan</u></p>	<p align="center">(2)</p> <p align="center">(2)</p> <p align="center">(2)</p>

DATE OF ISSUE June 21, 1985 DATE EFFECTIVE May 28, 1985

ISSUED BY B. Ballew TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 9294 dated May 28, 1985

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6P

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
<p align="center">SCHEDULE D - LARGE COMMERCIAL/INDUSTRIAL SERVICE OPTIONAL TIME-OF-DAY RATE</p>	<p align="center">RATE PER UNIT</p>
<p><u>FUEL ADJUSTMENT CLAUSE:</u></p> <p>All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kilowatt hour equal to the fuel adjustment amount per kilowatt hour as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% 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.</p> <p><u>TERMS OF PAYMENT:</u></p> <p>The above rates are net, the gross rates are <sup>5%</sup> 10% higher, but not more than \$5.00 on the unpaid amount. If the current monthly bill is not paid by the 15th of the month following the meter reading date, the gross rates shall then apply. No delayed payment charges shall be applicable to schools, churches and community buildings.</p> <p align="right">PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE  MAY 28 1985  PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <u>J. Stegeman</u></p>	<p align="center">(T)</p>

DATE OF ISSUE June 21, 1985 DATE EFFECTIVE May 28, 1985

ISSUED BY J. Halloway TITLE Manager

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 9294 dated May 28, 1985.

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

12<sup>th</sup> Revised SHEET NO. 6Q

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

11<sup>th</sup> Revised SHEET NO. 6Q

**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:

Consumer Charge:	\$550.00 per Month	1,100.00	(I)
Demand Charge:	5.54 per kW	6.86	(I)
Energy Charge:	0.04260 per kWh	0.04587	(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.~~ (T)

MONTHS

HOURS APPLICABLE FOR  
DEMAND BILLING - EST

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.

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Davis  
(Signature of Officer)

TITLE Acting President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00515 Dated July 25, 2007

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)**

By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6R

FARMERS RURAL ELECTRIC COOP. CORP.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
SCHEDULE E - LARGE INDUSTRIAL RATE	RATE PER UNIT
<p><b>MINIMUM MONTHLY CHARGE:</b> The minimum monthly charge shall not be less than the sum of (a), (b), and (c) below:</p> <ul style="list-style-type: none"> <li>(a) The product of the billing demand multiplied by the demand charge, plus</li> <li>(b) The product of the billing demand multiplied by 425 hours and the energy charge per KWH, plus</li> <li>(c) The consumer charge</li> </ul> <p><b>POWER FACTOR ADJUSTMENT:</b> The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of monthly maximum demand is less than 90%, the demand will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.</p> <p><b>FUEL ADJUSTMENT CLAUSE:</b> 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% 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.</p>	<p style="text-align: right;">PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE MAY 01 1987</p> <p style="text-align: right;">PURSUANT TO 807 KAR 5:011 SECTION 9 (1) BY: <i>J. Deoghegan</i></p>

DATE OF ISSUE June 5, 1987 DATE EFFECTIVE May 1, 1987

ISSUED BY *J. Deoghegan* TITLE General Manager

Issued by Name of Officer authority of an Order of the Public Service Commission of Ky. in  
Case No. \_\_\_\_\_ dated \_\_\_\_\_

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6S

FARMERS RURAL ELECTRIC COOP. CORP.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
SCHEDULE E - LARGE INDUSTRIAL RATE	RATE PER UNIT
<p><u>SPECIAL PROVISIONS:</u></p> <ol style="list-style-type: none"> <li>1. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other equipment on the load side of the delivery point shall be owned and maintained by the consumer.</li> <li>2. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other equipment, except metering equipment, on the load side of the delivery point shall be owned and maintained by the consumer.</li> </ol> <p><u>TERMS OF PAYMENT:</u> The above rates are net, the gross being 2% higher. In the event the current monthly bill is not paid by the 15th of the month, the gross charges shall apply.</p> <p>5%</p> <p style="text-align: center;">PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE  MAY 01 1987  PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: <u>J. Deoghegan</u></p>	(1)

DATE OF ISSUE June 5, 1987 DATE EFFECTIVE May 1, 1987

ISSUED BY J. B. Galloway TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

13<sup>th</sup> Revised SHEET NO. 6T

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

12<sup>th</sup> 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: 0.04980  
\$0.04162 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.

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Davis  
(Signature of Officer)

TITLE Acting President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. 2006-00515 Dated July 25, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6U

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_  
SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
Schedule RM - Residential Off-Peak Marketing	RATE PER UNIT
<p><u>FUEL ADJUSTMENT CLAUSE:</u></p> <p>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% 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.</p> <p><u>TERMS OF PAYMENT:</u></p> <p>The above rates are net, the gross rates are <sup>5%</sup><del>10%</del> higher, but not more than \$5.00 on the unpaid amount. If the current monthly bill is not paid by the 15th of the month following the meter reading date, the gross rates shall then apply. No delayed payment charge shall be applicable to schools, churches and community buildings.</p> <p><u>TERMS AND CONDITIONS:</u></p> <p>Schedule RM - Residential Off-Peak Marketing Rate applies only to programs which are expressly approved by the Kentucky Public Service Commission to be offered under the Marketing Rate of East Kentucky Power's Wholesale Power Rate Schedule A.</p> <p style="text-align: right;">PUBLIC SERVICE COMMISSION OF KENTUCKY AUG 01 1989 PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <i>[Signature]</i> PUBLIC SERVICE COMMISSION MANAGER</p>	(T)

DATE OF ISSUE August 15, 1989 DATE EFFECTIVE August 1, 1989

ISSUED BY Jackie B. Browning TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 89-158 dated August 1, 1989

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

13<sup>th</sup> Revised SHEET NO. 6V

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

12<sup>th</sup> 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.

( T )

RATES:

Energy Charge: 0.04643  
\$0.04357 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.

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Jans  
(Signature of Officer)

TITLE acty President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00515 Dated July 25, 2007

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6W

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
Schedule CM - Small Commercial Off-Peak Marketing	RATE PER UNIT
<p><b><u>FUEL ADJUSTMENT CLAUSE:</u></b></p> <p>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% 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.</p> <p><b><u>TERMS OF PAYMENT:</u></b></p> <p>The above rates are net, the gross rates are <sup>5%</sup><del>10%</del> higher, but not more than \$5.00 on the unpaid amount. If the current monthly bill is not paid by the 15th of the month following the meter reading date, the gross rates shall then apply. No delayed payment charge shall be applicable to schools, churches and community buildings.</p> <p><b><u>TERMS AND CONDITIONS:</u></b></p> <p>Schedule CM - Small Commercial Off-Peak Marketing Rate applies only to programs which are expressly approved by the Kentucky Public Service Commission to be offered under the Marketing Rate of East Kentucky Power's Wholesale Power Rate Schedule A.</p> <p style="text-align: right;">AUG 01 1989</p> <p style="text-align: right;">PURSUANT TO 807 KAR 5:011, SECTION 9(1)</p> <p style="text-align: right;">BY: <i>George [Signature]</i> PUBLIC SERVICE COMMISSION MANAGER</p>	(7)

DATE OF ISSUE August 15, 1989 DATE EFFECTIVE AUGUST 1, 1989

ISSUED BY Jackie B. Browning TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 89-158 dated August 1, 1989

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6X

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
OFF-PEAK ELECTRIC THERMAL STORAGE HEATING CONTRACT (Appendix D)	RATE PER UNIT
<p>This agreement made and entered into between FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called FRECC) and _____</p> <p>_____ (hereinafter called "MEMBER", whether singular or plural).</p> <p>WITNESSETH:</p> <p>That in consideration of the mutual promises and covenants hereinafter set forth, the parties agree as follows:</p> <ol style="list-style-type: none"> <li>In order to qualify for the ETS rate, Member shall purchase and install an electric thermal storage heating unit(s), (hereinafter called ETS Unit(s)).</li> <li>Member may purchase ETS Unit(s) from FRECC or from other sources, but must comply with the special metering and wiring specifications set forth by FRECC before the special discounted electric rate can be granted. FRECC or an approved electrician will perform necessary modifications or replacement of existing house wiring at Member's request and at Member's expense. An inspection by a Certified Electrical Inspector will be required for such wiring changes performed by other licensed electricians solely for the purpose of certifying conformance with the abovementioned specifications.</li> </ol> <p>All modifications, additions, or replacement to existing wiring and equipment done by FRECC employees or an approved electrician will be done in accordance with safety standards as outlined in the "National Electric Code."</p> <ol style="list-style-type: none"> <li>After installation of the unit(s), FRECC guarantees a minimum of ten (10) hours off-peak storage availability per day during the _____</li> </ol>	

PUBLIC SERVICE COMMISSION OF KENTUCKY

AUG 01 1989

PURSUANT TO KY. STAT. § 100.011, SECTION 9 (1)

By: *[Signature]*  
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE August 15, 1989 DATE EFFECTIVE August 1, 1989

ISSUED BY Jackie B. Browning TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 89-158 dated August 1, 1989

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6Y

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CLASSIFICATION OF SERVICE	
OFF-PEAK ELECTRIC THERMAL STORAGE HEATING CONTRACT (Appendix D)	RATE PER UNIT
<p>seven (7) month heating season of October through April for ten (10) years from the date of installation.</p> <p>4. FRECC further guarantees, subject to the approval of the Public Service Commission, that the rate for energy used by off-peak ETS unit(s) shall be discounted no less than forty percent (40%) below the lowest cost rate block for regular residential or small commercial services, as appropriate, and as modified and approved from time to time by the Public Service Commission, for ten (10) years from date of installation.</p> <p>5. <del>FRECC fully warrants parts and service on ETS unit(s) purchased from FRECC for three (3) years from date of installation.</del></p> <p><del>Service availability on the remaining seven (7) years of the contract will be guaranteed by FRECC at the Member's expense.</del></p> <p><del>FRECC will continue to service ETS unit(s) beyond the initial ten (10) year period only if such service is not available in the local marketplace.</del></p> <p>6. Installed ETS unit(s) are considered permanent installations. Relocation of installed unit(s) inside or outside the home will void the free parts and service portion of the abovementioned warranty, unless the reinstallation is done by an ETS certified installer. It is recommended not to move heaters unless absolutely necessary.</p> <p>7. Member agrees to participate in any electronic load control program initiated by FRECC that insures a minimum of ten (10) hours per day charging time for ETS unit(s).</p> <p>8. The rate discount offered herein may be transferred or assigned to another member of FRECC who resides in, rents, leases, or purchases a residence equipped with approved ETS unit(s) providing such member abides by the terms of this contract and accompanying tariff.</p> <p>9. FRECC retains the right to periodically inspect ETS unit(s) installations through its employees or representatives.</p>	<p>(D)</p> <p> </p> <p>(T)</p> <p>(T)</p> <p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE (T)</p> <p>AUG 01 1989 (T)</p> <p>PURSUANT TO 207 KAR 5:011, SECTION 3(1)</p>

DATE OF ISSUE August 15, 1989

DATE EFFECTIVE \_\_\_\_\_

BY: [Signature]  
PUBLIC SERVICE COMMISSION MANAGER

ISSUED BY Jackie S. Browning TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 89-158 dated August 1, 1989

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 62

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE		
OFF-PEAK ELECTRIC THERMAL STORAGE HEATING CONTRACT (Appendix D)		RATE PER UNIT
<p>10. Discounted rates for ETS energy used are contingent upon modified wiring, equipment, and/or timing devices operating as specified by FRECC employees or representatives. In the event such operation is circumvented by causes other than negligence by authorized installers, or defects in material and/or equipment, a forty percent (40%) penalty above the last block of the regular residential or small commercial rates shall apply to all ETS energy used.</p> <p>11. FRECC, its employees or representatives shall not be held liable for any damages resulting from the use of ETS unit(s) and members shall indemnify, defend, and save FRECC harmless therefrom.</p> <p>This _____ day of _____, 19____.</p> <p>FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION</p> <p>By _____ (Employee/Representative)</p> <p>MEMBER:</p> <p>Membership # _____ Name: _____</p> <p>Map # _____</p> <p>Meter # _____ Address: _____</p> <p>Telephone: _____</p>		

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

AUG 01 1989

PURSUANT TO 1987 KAR 5:011,  
SECTION 9(1)  
BY: Jackie B. Browning  
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE August 15, 1989 DATE EFFECTIVE August 1, 1989

ISSUED BY Jackie B. Browning TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in  
Case No. 89-158 dated August 1, 1989

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

Original SHEET NO. 7

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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

**RATES AND CHARGES**

**SCHEDULE RRP - FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**RENEWABLE RESOURCE POWER SERVICE**

**STANDARD RIDER:** This Renewable Resource Power Service is a rider to all currently applicable rate schedules. The purpose of this rider is to provide the consumer with a renewable source of energy that may be considered more environmentally friendly.

**APPLICABLE:** In all territory served by the Cooperative.

**AVAILABILITY:** This schedule shall be made available to any consumer in the following listed block amounts:

100kWh Block (Minimum Size) or Greater

AND where the consumer will contract with the Cooperative to purchase these blocks under this Retail Rider.

**AGREEMENT:** An "Agreement for Purchase of Renewable Resource Power" shall be executed by the consumer prior to service under this schedule.

**RATE:** The monthly rate for this service will be a renewable power premium, i.e. an added charge, for all renewable power supplied to the consumer. The renewable power rate premium will be as provided below:

\$0.0275 per kWh or \$2.75 per 100 kWh Block

This rate is an addition to the regular rate for power.

DATE OF ISSUE February 7, 2008  
Month / Date / Year

DATE EFFECTIVE April 1, 2008  
Month / Date / Year

ISSUED BY William J. Pratt  
(Signature of Officer)

TITLE President & CEO

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
4/1/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

Original SHEET NO. 7A

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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

**RATES AND CHARGES**

**BILLING AND MINIMUM CHARGE:** Blocks of power contracted or under this tariff shall constitute the minimum amount of kWh the customer will be billed for during a normal billing period. For all power purchased in excess of the contracted Renewable Resource amount, the customer shall be billed at the normal rate for that class. For periods shorter than a normal monthly billing cycle (i.e. termination of service and final bill of a service) and actual kWh use is less than the contracted Renewable kWh amount, the customer shall pay for the full monthly block of kWh ordinarily contracted.

**TERMS OF SERVICE AND PAYMENT:** This rider tariff shall be subject to all other terms of service and payment of the applicable tariffs to which it is applied for each customer.

**CONDITIONS OF SERVICE:** The rate granted under this Retail Rider shall be supported by one (1) year contracts between the customer and the cooperative.

DATE OF ISSUE February 7, 2008  
Month / Date / Year

DATE EFFECTIVE April 1, 2008  
Month / Date / Year

ISSUED BY *William J. Patton*  
(Signature of Officer)

TITLE President & CEO

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
4/1/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By *[Signature]*  
Executive Director

Farmers Rural Electric Coop. Corp.

RULES AND REGULATIONS

1. SCOPE - This Schedule of Rules and Regulations is a part of all contracts for receiving electric service from the Cooperative and applies to all service received from the Cooperative whether the service received is based upon a contract, agreement, signed application, or otherwise. No employee or individual director of the Cooperative is permitted to make an exception to rates or Rules and Regulations. Rates and rules of service may be obtained from the Cooperative's office.
2. REVISIONS - These Rules and Regulations may be revised, amended, supplemented or otherwise changed from time to time without notice. Such changes, when effective, shall have the same force and effect as the present Rules and Regulations. The members shall be informed of any changes as soon as possible, after adoption by the Board of Directors, through the Cooperative's monthly newsletter.
3. CONSUMER'S RESPONSIBILITY FOR COOPERATIVE'S PROPERTY - All meters, service connections, and other equipment furnished by the Cooperative shall be, and remain, the property of the Cooperative. The member shall exercise proper care to protect the property of the Cooperative on its premises and, in the event of loss or damage to the Cooperative's property arising from neglect of member to care for same, the cost of necessary repairs or replacements shall be paid by the member.
4. CONTINUITY OF SERVICE - The Cooperative shall exercise reasonable diligence to provide a constant and uninterrupted supply of electric power and energy. However, if such supply shall fail or be interrupted or become defective through act of God, or public enemy, or by accidents, strikes labor troubles, or by action of the elements, or for any other cause beyond the reasonable control of the Cooperative, the Cooperative shall not be liable therefor.
5. RELOCATION OF LINES BY REQUEST OF MEMBERS - The Cooperative's established lines shall not be relocated unless the expense for moving and relocating is paid by the member, except in instances where it would be to the advantage of the Cooperative to make such relocation.
6. APPLICATION FOR SERVICE - Each prospective member desiring electric service shall be required to sign the Cooperative's "Application for Membership and Electric Service," before service is supplied by the Cooperative and provide the Cooperative with necessary easements or right-of-way permits.
7. MEMBERSHIP FEE - The membership fee as set forth in the By-Laws shall be twenty-five dollars (\$25). The membership fee may be refunded or applied to the final bill at the time service is discontinued, or it may

SECTION 9 (1)  
 BY: Jordan C. Neel

DATE OF ISSUE February 14, 1984 DATE EFFECTIVE January 16, 1984  
 Month Day Year Month Day  
 ISSUED BY Jordan C. Neel Manager Glasgow, Kentucky  
 Name of Officer V Title Address

RULES AND REGULATIONS

be left inactive with the Cooperative. It shall be applied against any unpaid bills of the member at the time service is discontinued. Service covered by each meter shall be billed separately.

8. RIGHT OF ACCESS - The Cooperative's employees shall have access to member's premises at all reasonable times for the purpose of reading meter, testing, repairing, removing, or exchanging any and all equipment belonging to the Cooperative.

9. MEMBER'S DISCONTINUANCE OF SERVICE - Any member desiring service discontinued or changed from one location to another shall give the Cooperative three (3) days notice in person or in writing, provided such notice does not violate contractual obligations.

(I) 10. SERVICE CHARGES - No charge will be made for the initial installation of service, or for a service replacing one which has been destroyed by fire, or if no trip is required. However, a service charge of \$15.00 will be made to a new occupant for the reconnection of service. Service charge shall be due and payable at time of connection or transfer or upon effective date of said charge. Also, service calls made by the Cooperative pertaining to the consumer's premises shall be charged for on an actual cost basis per call. No service calls shall be made and no service shall be connected or reconnected after working hours unless there exists circumstances that will justify the additional expense.

SECTION 9 (1)  
BY: Jordan C. Neal

11. TEMPORARY SERVICE - Temporary service may be supplied to circuses, carnivals, fairs, and services of a transient nature in accordance with the existing rate schedules of the Cooperative except that the consumer shall pay, in addition to the regular rates, the total cost of connecting and disconnecting service less the value of materials returned to stock. An advance deposit may be required of the full amount of the estimated bill for service, including the cost of connection and disconnection.

12. SERVICE TO CONSUMERS WHICH MAY BE OF SHORT DURATION - In cases of service to power the pumping of oil wells, the operation of oil fields, and any and all other types of consumer services which may be of short duration, the Cooperative must and shall protect its investments on same in the following manner:  
The consumer, at the time application is made for such service, shall pay a construction charge to the Cooperative, in each instance, an amount equal to the cost of construction and retirement, covering both material and labor involved, less salvage value on all material returned into stock. This charge may be refunded at the rate of twenty percent (20%) of the consumer's monthly power bills thereafter.

DATE OF ISSUE February 14, 1984 DATE EFFECTIVE January 16, 1984  
Month Day Year Month Day Year

ISSUED BY J. B. Gallaway Manager Glasgow, Kentucky  
Name of Officer Title Address

Farmers Rural Electric Coop. Corp.

RULES AND REGULATIONS

In case of a transfer of the lease or ownership on an oil well, or other property, the parties involved may make the necessary arrangements regarding the transfer of the charges and settlement of same.

13. METER TESTS - All meters shall be checked for accuracy before installation. The Cooperative shall, at its own expense, make periodic tests and inspections of its meters in order to maintain a high standard of accuracy and to conform with the regulations of the Public Service Commission. However, the Cooperative has been granted a deviation from 807 KAR 5:041, Section 17 (1) exempting it from the performance of meter tests at a 50 percent power factor load on any single-phase, self-contained residential electric meter, except new meters.

(I) The Cooperative shall make additional tests of meters at the request of the member upon advance payment of fifteen dollars (~~\$15.00~~ <sup>40.00</sup>). Refunds on fast meters shall be made in accordance with PSC Rules and Regulations. See 807 KAR 5:006, Sections 9 (5), 19 and 20.

14. FAILURE OF METER TO REGISTER - In the event a member's meter shall fail to register, the member shall be billed from the date of such failure at the average consumption of the member based on the three (3) month period immediately preceding the failure.

15. DISCONTINUANCE OF SERVICE BY COOPERATIVE - The Cooperative may refuse to connect or may discontinue service to a member for the violation of any of its rules and regulations. The Cooperative may discontinue service to a member for theft of current or for the appearance of current-theft devices found on the premises of the member. The discontinuance of service by the Cooperative for any cause stated in this rule does not release the member from his obligation for all bills due.

16. POINT OF DELIVERY - The point of delivery is the point designated by the Cooperative on member's premises where current is delivered. All wiring and equipment beyond this point of delivery shall be supplied and maintained by the member. The member shall, however, notify the Cooperative of any proposed changes in his equipment or wiring which will materially increase or decrease his load so the Cooperative may check its equipment for adequacy to accommodate requirements. PURSUANT TO 807 KAR 5:011, SECTION 9(1)

17. CONSUMERS' WIRING - All wiring of the member must conform to Cooperative's requirements and accepted modern standards. The member agrees to wire his premises in accordance with specifications at least equal to those prescribed by the National Electrical Code. The Cooperative, however, assumes no responsibility in respect to the type, standard of construction, protective equipment or the condition of the member's property, and will not be liable for any loss or injury to persons or property occurring on the premises or property of the member. BY: J. Derazegar

DATE OF ISSUE December 19, 1985  
Month Day Year

DATE EFFECTIVE December 10, 1985  
Month Day Year

ISSUED BY J. B. Gallaway  
Name of Officer

Manager  
Title

Glasgow, Kentucky  
Address

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

3rd Revised SHEET NO. 10

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

2<sup>nd</sup> Revised SHEET NO. 10

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RULES AND REGULATIONS**

The member agrees to operate and maintain its facilities so as not to interfere with the service of the Cooperative to its other members. The member will have complete responsibility for all construction, operation, and maintenance beyond the meter and will save the Cooperative harmless against liability for injury or damages resulting in any manner from construction, location, operation, or maintenance of the member's facilities.

18. ELECTRICAL INSPECTIONS – All consumers' wiring must conform to the requirements of the National Electrical Code and must be inspected and approved by a certified electrical inspector. The inspector, as mandated by KRS 198B, must issue a certificate of compliance prior to the connection of electric service.
19. METER READING – The Cooperative shall read each member's meter each month for the purpose of determining each account's usage of electricity for calculation of the monthly bill. Exceptions to the monthly reading will be allowed only for those meters which may be estimated without materially affecting the accuracy of recorded usage. Actual readings will be taken on estimated accounts at least quarterly.
20. CHARGE FOR SEASONAL, MOBILE HOMES, PUMPS, AND OTHER SERVICES – Consumers requiring service only during certain seasons, not exceeding 9 months per year, may guarantee a minimum annual payment of 12 times the minimum monthly charge determined in accordance with the rate applicable. In this case there shall be no minimum monthly charge. Payment of minimum annual charge shall entitle the consumer to the use of the corresponding number of kilowatt hours in accordance with the rate applicable.

Consumers requiring service to mobile homes and/or trailers and to pumps, barns, or services with low usage from all extensions of up to 150 feet from the nearest facility shall be made without charge.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 5/15/2008	
PURSUANT TO 807 KAR 5.011	
DATE OF ISSUE	April 1, 2008 Month Day Year
DATE EFFECTIVE	SECTION 15, 2008 May 15, 2008
ISSUED BY	<i>William J. Prater</i> Name of Officer
	President & Title <i>Stephanie Dumbrowski</i> Executive Director

DATE OF ISSUE	April 1, 2008 Month Day Year
ISSUED BY	<i>William J. Prater</i> Name of Officer

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

3rd Revised SHEET NO. 11

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

2nd Revised SHEET NO. 11

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RULES AND REGULATIONS**

Extensions greater than 150 feet from the nearest facility and up to 300 feet shall be made provided the customer shall pay the utility a "customer advance for construction" of \$50 in addition to any other charges required by the utility for all customers. This advance shall be refunded at the end of one year if the service to the location continues for that length of time.

For extensions greater than 300 feet and less than 1,000 feet from the nearest facility, the utility may charge an advance equal to the reasonable cost incurred by it for that portion of the service beyond 300 feet plus \$50. This advance shall be refunded to the customer over a four-year period in equal amounts for each year the service is continued. If the service is discontinued for a period of 60 days, or should the mobile home, etc. be removed and another not take its place within 60 days, or be replaced by a permanent structure, the remainder of the advance shall be forfeited. No refunds shall be made to any customer who did not make the advance originally.

For extensions over 1000 feet, the policy set forth in 807 KAR 5:041 electric, section 11, shall apply.

For extensions over 300 feet or 1000 feet shall be made on an "Estimated Average Cost" per foot of the total extension. If termination or meter pole is required, there will be a non-refundable charge for installing the pole.

21. CONSUMER BILLING AND COLLECTING POLICY - The Cooperative's billing period is on a monthly basis and shall be flexible so as to allow various billing cycles based upon the date of the monthly meter reading. Each month, the Cooperative shall render an electric service statement to each member for approximately thirty days of service. Final bills may be rendered as soon as possible after the service is disconnected. The member shall pay the net amount of the bill within 12 days of the date the bill was rendered. If payment is not received by the Cooperative within 12 days of the date the bill was rendered, the gross amount (as defined in the Rate Schedule) shall be due. The late payment penalty shall only be assessed one time for any bill rendered for services. Failure to receive the bill will not release the member from payment obligation.

Delinquent bill notices are to be sent out two (2) days after the due date of the original bill each month. Field collection or termination for non-payment shall be 10 days after mailing of the delinquent notice and at least twenty-seven days after the mailing of the original bill.

A ~~\$15~~ <sup>\$30</sup> fee is to be collected on first call and on all subsequent calls for purposes of collecting delinquent accounts during regular working hours. Thirty dollars (~~\$30.00~~) will be collected for trips made other than during regular working hours. <sup>\$70.00</sup>

No consumer is to be reconnected at any location without first having paid all previous indebtedness to the Cooperative. Service to a consumer is not to be connected in another name in order to avoid payment of an unpaid bill.

A service charge of ~~\$15.00~~ <sup>\$30.00</sup> shall be applied to each ~~reconnect~~ <sup>reconnect</sup> requiring a trip.

DATE OF ISSUE	April 1, 2008 Month Day Year	DATE EFFECTIVE	SECTION 11, 2008
ISSUED BY	<i>William J. Prutton</i> Name of Officer	President & CEO	<i>Stephanie Rumber</i> Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
5/15/2008  
PURSUANT TO 807 KAR 5:011

Farmers Rural Electric Coop. Corp.

RULES AND REGULATIONS

~~consumer is not to be connected in another name in order to avoid payment of an unpaid bill.~~

~~A service charge of \$15.00 shall be applied to each reconnect requiring a trip.~~

Reminder letter or invoice statement to be issued 15 days after final bill is rendered to unpaid accounts of disconnected consumers.

Periodically, all delinquent accounts are to be turned over to an attorney or competent collecting agency for further proceedings, provided such amount exceeds the membership fee and consumer deposit.

A <sup>25.00</sup> ~~\$5.00~~ fee is to be collected when checks are returned from bank marked "Insufficient Funds." The drawer of said check is to be notified by letter and his service placed on the cut-off list, along with other delinquent accounts and handled in the same manner as outlined above.

All consumers are to be members of the Cooperative. Cases of failure to pay membership fee shall be treated in the same manner as outlined above on delinquent accounts.

A deposit or suitable guarantee not exceeding two-twelfths (2/12) of the estimated annual bill may be required of any member or customer before electric service is supplied. These deposits shall accrue interest at 6% per annum. Upon termination of service, the deposit and accrued interest may be applied against unpaid bills and the remainder of such balance shall be paid to the consumer.

A budget billing plan is available to consumers who desire it. The estimated amount of twelve-months usage will be determined by the Cooperative with the budget payments being 1/12 of this amount. Any difference between the amount paid and the amount owed during the twelve-month period will be adjusted by adding or crediting the difference on the regular electric service bill payable July 1. The budget payment plan will continue from year to year unless terminated by either party giving a one-month notice to the other. Payments shall be adjusted each year as near to expected billing as possible. The budget billing plan may be terminated at any time the consumer's bill becomes delinquent.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

JUN 01 1986

PURSUANT TO 807 KAR 5:011, SECTION 9 (1)

BY: *J. Georgeagan*

22. UNDERGROUND DISTRIBUTION FACILITIES TO A RESIDENTIAL SUBDIVISION

DATE OF ISSUE May 28, 1986  
Month Day Year

DATE EFFECTIVE June 1, 1986  
Month Day Year

ISSUED BY J. B. Ballerway  
Name of Officer

General Manager  
Title

Glasgow, Kentuc  
Address

Farmers Rural Electric Coop. Corp.

RULES AND REGULATIONS

The Cooperative will install underground distribution facilities to a residential subdivision under the following conditions:

1. The subdivision being developed must consist of a tract of land which is divided into ten (10) or more lots for the construction of new residential buildings or the land on which is constructed two (2) or more new multiple occupancy buildings (refer to PSC Electric Rules, 807 KAR 5:041, Section 21, for definitions of terms).
2. Prior to installation, the owner/developer shall pay the Cooperative for the total cost of all facilities (underground or overhead) installed in subdivision. Later, the Cooperative shall refund to the owner/developer the equivalent cost of overhead facilities when a permanent year-around residence is connected. The refund shall be on an average cost per lot basis.
3. The Cooperative will construct underground distribution facilities in the subdivision adequate to render single-phase 120/240 volt service.
4. Three-phase primary mains or feeders required within a subdivision to supply local distribution or to serve individual three-phase loads may be overhead unless underground is required by governmental authorities or chosen by applicant, in either of which case the differential cost of underground shall be borne by the applicant.
5. Developer or successor in title shall grant a right-of-way satisfactory to the Cooperative for the installation, operation and maintenance of its facilities.
6. If developer provides the secondary service lines to the residence from service pedestal located on easement, the Cooperative shall credit the applicant fifty dollars (\$50.00) or the equivalent cost of an overhead service line to the applicant's meter base, whichever is greater. Service lines to house (provided by developer) shall be installed and ready for inspection at the same time as the residence. Trench is to be left open until inspection has been made.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 16 1984

SECTION 9 (1)

BY: *Jordan C. Neal*

If the Cooperative provides secondary service lines, applicant shall pay the "estimated average cost differential" between overhead and underground service.

7. For all developments that do not meet the conditions set forth in paragraph 1 above, underground distribution will be installed provided an advance to the Cooperative is made in an amount equal to the difference between the Cooperative's estimated cost of underground and overhead facilities.

DATE OF ISSUE February 14, 1984  
Month Day Year

DATE EFFECTIVE January 16, 1984  
Month Day

ISSUED BY *J.B. Hallaway*  
Name of Officer

Manager  
Title

Glasgow, Kentucky  
Address



P.S.C. Ky. No. 9

1st Revised Sheet No. 14

Farmers Rural Electric Coop. Corp.

Cancelling P.S.C. Ky. No. 9

Original Sheet No. 14

RULES AND REGULATIONS

- 8. The developer or owner of subdivision shall be required to perform all necessary trenching and backfilling in accordance with the Cooperative's specifications.
- (T) 9. See Exhibit A, "Average Cost Differentials," dated February 1, 1984, which is filed as an addendum to this regulation. This exhibit may be revised from time to time because of change in cost differentials.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 16 1984

PURSUANT TO 307 KAR 5:011,  
SECTION 9(1)  
BY: Jordan C. Neel

DATE OF ISSUE February 14, 1984  
Month Day Year

DATE EFFECTIVE January 16, 1984  
Month Day

ISSUED BY J.B. Holberry  
Name of Officer

Manager Glasgow, Kentucky  
Title Address

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

Glasgow, Kentucky

EXHIBIT A

AVERAGE COST DIFFERENTIALS

Cost of Secondary Underground per foot	\$ 4.18
Cost of Secondary Overhead per foot	<u>1.75</u>
Cost of Difference per foot of Secondary	\$ 2.43
-----	
Cost of Primary Underground single-phase per foot	\$ 6.00
Cost of Primary Overhead single-phase per foot	<u>3.31</u>
Cost Difference per foot of Single-Phase Primary	\$ 2.69
-----	
Cost of Primary Underground three-phase per foot	\$11.56
Cost of Primary Overhead three-phase per foot	<u>5.81</u>
Cost Difference per foot of Three-Phase Primary	\$ 5.75
-----	

Costs do not include transformers, miscellaneous units nor trenching and backfilling.

When rock is encountered, the actual cost of rock removal and hauling from site will be added to the above.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

EFFECTIVE

APR 01 1986

PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

BY: J. B. Galloway

April 1, 1986

J. B. Galloway  
J. B. Galloway, General Manager

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 15

**CLASSIFICATION OF SERVICE**

**RATES SCHEDULE NM – NET METERING**

**APPLICABILITY**

Net metering is available to customer-generators who own, operate and maintain electrical generating facilities using solar energy designed to operate in parallel with the existing Farmers RECC electrical distribution system and be primarily intended to offset part or all of the customer-generator's own electrical requirements.

**AVAILABILITY OF NET METERING SERVICE**

An eligible customer-generator must be a member of and take electrical service from Farmers RECC. Farmers RECC will make this service available to customer-generators on a first-come, first-served basis until the cumulative generating capacity of net metered systems reaches one tenth of one percent (0.1%) of the Cooperative's single hour peak load during the previous year.

**SERVICE CONDITIONS (TYPE OF SERVICE)**

- a. The generating facility shall comply with all of the following requirements:
  - i. The generating facility must have a rated capacity of not more than fifteen (15) kilowatts.
  - ii. The generating facility must be owned and operated by the customer.
  - iii. The generating facility must be located on the customer's premises.
  - iv. The generating facility must be designed and installed to operate in parallel with Farmers RECC's electrical distribution system without adversely affecting the quality of service of other customers and without presenting safety hazards to Cooperative customers and Cooperative employees and agents, thereof.
- b. Prior to interconnection, the customer-generator shall complete the Application for Net Energy Metering, execute an Interconnection Agreement for Net Metering Service, enter into a Customer Net Energy Service Agreement, and pay any applicable fees, charges or costs as prescribed within this tariff prior to interconnection with the Farmers RECC distribution system.

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE 4/1/2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

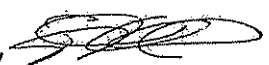
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

---

SECTION 5(1)

By   
Executive Director

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

- c. Prior to interconnection, the customer-generator's electrical generating and interconnection equipment shall be installed in accordance with the manufacturer's specifications, shall have been tested by a nationally recognized testing laboratory as having met the testing requirements of IEEE Standard 1547, and shall meet all applicable safety and performance standards established in all applicable local and state building codes. Certification by a licensed electrician shall constitute acceptable proof that the customer-generator's electrical generating facility has been properly installed in accordance with above.
- d. The customer-generator is responsible for all equipment and installation costs associated with its electric generating facility and any modification costs to the facility that may be required by Farmers RECC for purposes of safety and reliability.
- e. When construction, modifications, or upgrades to the Farmers RECC distribution system are required to interconnect the customer-generator's electric generating facility, the customer-generator is responsible for all costs incurred by the Cooperative.
- f. The customer must provide and install a clearly labeled, Farmers RECC approved, lockable, visible-break, disconnect switch between the cooperative's distribution system and the customer-generator's electrical generating equipment. This disconnect switch must be accessible to the Cooperative at all times.
- g. Farmers RECC maintains the right to disconnect, without liability, the customer-generator for issues relating to safety and reliability.
- h. Farmers RECC maintains the right to verify proper installation and inspect the customer-generator's facilities to ensure continued safe operation of the electrical generating equipment and interconnection system at any time with reasonable advance notice to the customer-generator.
- i. Farmers RECC shall not be liable directly or indirectly for permitting or continuing to allow an attachment of a net metering facility, or for the acts or omissions of the customer-generator that cause loss or injury, including death, to any third party.

DATE OF ISSUE February 25, 2005

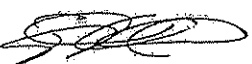
DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY	
EFFECTIVE	
<u>April 1, 2005</u>	
PURSUANT TO 807 KAR 5:011 President and CEO	
SECTION 5 (1)	
By 	_____
Executive Director	

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original \_\_\_\_\_ SHEET NO. 17 \_\_\_\_\_

CLASSIFICATION OF SERVICE

EQUIPMENT OPERATION

The customer-generator's electrical generating and interconnection equipment shall comply with all applicable safety, performance, and power quality standards established by the Institute of Electrical and Electronic Engineers, the National Electrical Code, and the National Electrical Safety Code.

METERING

Net metered electricity shall be measured in accordance with standard metering practices established by Farmers RECC using metering equipment capable of measuring and recording energy flows, on a kWh basis, from the Cooperative to the customer-generator and from the customer-generator to the Cooperative, with each directional energy flow recorded independently. If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the customer-generator shall be metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place. If the customer generator's existing electrical meter is not capable of registering the flow of electricity in two directions, the customer shall be responsible for all expenses involved in purchasing and installing a meter (or meters) that is able to register electricity flow in two directions. All metering shall be capable of working with any automatic meter reading systems used by Farmers RECC.

BILLING AND PAYMENT

For charges collected on the basis of metered registration, Farmers RECC shall, for each monthly billing period, determine the net meter registration of the customer-generator by comparing the directional energy flow in each direction. If the net meter registration shows that the deliveries of energy in kWh from the customer-generator to the Cooperative exceed the deliveries of energy in kWh from the Cooperative to the customer-generator, the net meter registration in kWh will be carried forward to the next monthly billing period as a Net Metering Credit, expressed in kWh. If the customer-generator has carried over a Net Metering Credit from one or more prior months, the net meter registration from the current month shall be added to the Net Metering Credit that exists from prior months.

If the net metering registration shows that deliveries of energy in kWh from the Cooperative to the customer-generator exceed the deliveries of energy in kWh from the customer-generator

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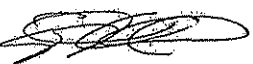
DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie D. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY	
EFFECTIVE	
PURSUANT TO 807 KAR 5:011	
SECTION 9(1)	
By 	Executive Director

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 18

**CLASSIFICATION OF SERVICE**

generator to the Cooperative, the customer-generator shall pay the Cooperative for the net amount of energy delivered by the Cooperative after application of any Net Metering Credit carried forward from previous months at the rate applicable to its type or class of electric service.

The customer shall be responsible for payment of any applicable customer charge or other applicable charges.

At no time shall Farmers RECC be required to convert the Net Billing Credit to cash. If a customer-generator closes his account, no cash refund for residual Net Metering Credits shall be paid.

Net Metering Credits are not transferable between customers or locations.

**LIABILITY INSURANCE**

The customer-generator shall maintain general liability insurance coverage (through a homeowner's, commercial or other policy) against a loss arising from the use or operation of the customer-generator facilities with minimum limits of \$300,000 per occurrence/\$300,000 aggregate combined single limit for personal injury, bodily injury, including death and property damage. Prior to interconnection, the customer shall submit evidence of such insurance to Farmers RECC with the Application for Net Energy Metering. Farmers RECC's receipt of evidence of liability insurance does not imply an endorsement by the Cooperative of the terms and conditions of the coverage.

**ADDITIONAL CONTROLS AND TESTS**

Farmers RECC may install additional controls or meters, or conduct additional tests as it may deem necessary.

**NET METERING SERVICE INTERCONNECTION REQUIREMENTS**

All customer-generator equipment and installations must comply with the Farmers RECC's Technical Requirements for Interconnection, included as part of the Interconnection Agreement for Net Metering Service. The customer-generator's generating facility shall be designed and installed to operate in parallel with Farmers RECC's electric distribution system without adversely affecting the operation of equipment and service of the Commission

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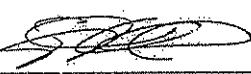
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ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

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PURSUANT TO 807 KAR 5:011	
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By 	Executive Director

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

and its customers and without presenting safety risks to Cooperative and customer personnel. The customer-generator will own and be responsible for operating the electrical generator and interconnection equipment. The customer-generator will be responsible for any damage done to the Cooperative's equipment due to a failure of the customer-generator's control, safety, or other equipment. The customer-generator will protect and save the Cooperative harmless from all claims for injury or damage to persons or property occurring on the customer-generator's premises, except where the said injury or damage can be shown to have been occasioned solely by negligence on the part of Farmers RECC.

**APPLICATION AND AGREEMENTS**

A customer-generator seeking to interconnect an Eligible Electric Generating Facility to the Company's distribution system must submit to the Company the following documents:

- a. Application for Net Energy Metering, completed and executed, including a one-line diagram showing the configuration of the customer-generator's facility;
- b. Interconnection Agreement for Net Metering Service, executed prior to interconnection; and,
- c. Customer Net Energy Service Agreement, executed prior to interconnection.

The Company may reject an application for demonstrable reliability or safety issues; however, the Company will work with the customer to resolve those issues to the extent practicable.

**FEES AND CHARGES**

As specified in the Application for Net Energy Metering, the customer-generator must pay a non-refundable application fee of \$50. Should Farmers RECC determine that an interconnection impact study is required, the Cooperative will advise the customer of the cost of conducting the study. Upon payment by the customer for cost of the study, Farmers RECC will proceed with the interconnection impact study to determine if the installation of the customer's electric generating facility will have a significant impact on the Cooperative's distribution system or on the quality of service to other customers. Should construction or upgrades to East Kentucky Power Cooperative's transmission system or to Farmers RECC's distribution system be required in order to interconnect the customer's electric generating facility,

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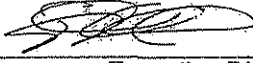
ISSUED BY Jackie Browning

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

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SECTION 5(1)

By   
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original \_\_\_\_\_ SHEET NO. \_\_\_\_\_ 20 \_\_\_\_\_

CLASSIFICATION OF SERVICE

facility, additional charges to cover costs incurred by EKPC or Farmers RECC shall be determined by Farmers RECC and paid by the customer. The customer shall pay any additional charges, as determined by Farmers RECC, for equipment, labor, metering, testing, or inspections requested by the customer, or needed by the Cooperative to interconnect and receive power from the customer-generator's generating facility.

RULES AND REGULATIONS

Service and rates under this schedule are subject to all applicable Farmers RECC Rules and Regulations as filed with the Public Service Commission of Kentucky. The Rules and Regulations address general terms and conditions, service conditions, new service procedures, and miscellaneous service charges, and are a part of all contracts for receiving electric service from the Cooperative, whether the service received is based upon a contract, agreement, signed application, or otherwise.

TRANSFERABILITY

A customer-generator generating facility is transferable to other persons or service locations only after notification to Farmers RECC has been made and verification that the installation is in compliance with this tariff.

DATE OF ISSUE February 25, 2005

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ISSUED BY Jackie Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By [Signature]  
Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

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4/1/2005

PURSUANT TO 807 KAR 5:011  
President and CEO

SECTION 9(1)



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P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 21

CLASSIFICATION OF SERVICE

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
Application for Net Energy Metering

This application should be completed as soon as possible and returned to the Cooperative Customer Service representative in order to begin processing the request.

*This application is used by the Cooperative to determine the required equipment configuration for the Customer interface. Every effort should be made to supply as much information as possible.*

OWNER/APPLICANT INFORMATION

Company: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip \_\_\_\_\_  
Code: \_\_\_\_\_  
Phone Number: \_\_\_\_\_ Representative: \_\_\_\_\_  
Electric Account Number: \_\_\_\_\_  
Service Location Address: \_\_\_\_\_

PROJECT DESIGN/ENGINEERING (as applicable)

Company: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip \_\_\_\_\_  
Code: \_\_\_\_\_  
Phone Number: \_\_\_\_\_

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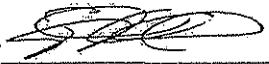
DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie Browning

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY	
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FOR ENTIRE TERRITORY SERVED  
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FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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**CLASSIFICATION OF SERVICE**

**ELECTRICAL CONTRACTOR (as applicable)**

Company: \_\_\_\_\_

Contact: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip \_\_\_\_\_

Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

**PV GENERATING SYSTEM**

Size \_\_\_\_\_ kW

Expected Start-Up Date \_\_\_\_\_

**INVERTER DATA (if applicable)**

Manufacturer: \_\_\_\_\_ Model: \_\_\_\_\_

Kilowatt Rating: \_\_\_\_\_ Kilovolt-Ampere Rating: \_\_\_\_\_

Rated Power Factor (%): \_\_\_\_\_ Rated Voltage (Volts): \_\_\_\_\_ Rated Amperes: \_\_\_\_\_

Note: Attach all available calculations, test reports, and oscillographic prints showing inverter output voltage and current waveforms.

**DESCRIPTION OF PROPOSED INSTALLATION AND OPERATION**

Give a general description of the proposed installation, including a detailed description of its planned location and when you plan to operate the generator.

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By <u>[Signature]</u>	Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 23

CLASSIFICATION OF SERVICE

Blank lines for classification of service.

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ADDITIONAL INFORMATION

*In addition to the items listed above, please attach a detailed one-line diagram of the proposed facility, all applicable elementary diagrams, major equipment, (generators, transformers, inverters, circuit breakers, protective relays, etc.) specifications, test reports, etc., and any other applicable drawings or documents necessary for the proper design of the interconnection. Also describe the project's address or grid coordinates.*

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INTERCONNECTION COMPLIANCE & OWNER ACKNOWLEDGEMENT

- Customer shall be solely responsible for obtaining and complying with any and all necessary easements, licenses and permits, or exemptions, as may be required by any federal, state, local statutes, regulations, ordinances or other legal mandates.
- The customer shall submit documentation to the Cooperative that the system has been inspected and approved by the local permitting agency regarding electrical code requirements.
- Customer shall not commence parallel operation of the generating system until written approval of the interconnection has been given by the Cooperative.

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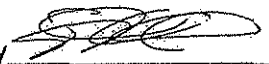
TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

SECTION 9(1)

By   
Executive Director

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 24

CLASSIFICATION OF SERVICE

SIGN OFF AREA

The customer agrees to provide the Cooperative with any additional information required to complete the interconnection. The customer shall operate his equipment within the guidelines set forth by the cooperative.

Applicant \_\_\_\_\_

Date \_\_\_\_\_

ELECTRIC COOPERATIVE CONTACT FOR APPLICATION SUBMISSION AND FOR MORE INFORMATION:

Cooperative contact: \_\_\_\_\_

Title: \_\_\_\_\_

Address: Farmers RECC  
P.O. Box 1298  
Glasgow, KY 42142

Phone: (270) 651-2191

Fax: (270) 651-7332

e-mail: \_\_\_\_\_

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ISSUED BY Jackie A. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 5 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY	
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PURSUANT TO 807 KAR 5:011	
President and CEO	
SECTION 5 (1)	
By <u>[Signature]</u>	Executive Director

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

**Interconnection Agreement for  
Net Metering Service  
Attachment to Cooperative Net Metering Tariff  
for  
Net Metering Service**

This agreement is between \_\_\_\_\_ (Customer-Generator) and  
Farmers Rural Electric Cooperative Corporation (Cooperative) and is effective as of  
\_\_\_\_\_.

Whereas, Customer-Generator owns or intends to install and own an electric energy generating  
facility ("Facility") qualifying for "Net Metering" in accordance with Cooperative's currently  
effective tariff as filed with the Kentucky Public Service Commission, to be located on Customer's  
premises located at \_\_\_\_\_  
for the purpose of generating electric energy; and

Whereas, Customer-Generator wishes to sell and Cooperative is willing to accept energy produced by  
the Facility onto its distribution system;

Now, Therefore, the parties agree:

- 1. Generating Facility:** Customer-Generator's Facility shall consist of a solar photovoltaic  
generating facility located on Customer-Generator's premises, with a total capacity of not  
more than fifteen (15) kilowatts. Said facility will be interconnected and operated in parallel  
with Cooperative's distribution system, and is intended primarily to offset part or all of  
Customer-Generator's own electrical requirements.
- 2. Term:** This agreement shall commence when signed by both Cooperative and Customer-  
Generator and terminate with any change in ownership, or by written agreement signed by  
both parties.

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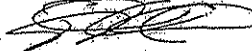
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4/1/2005

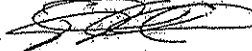
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TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By   
Executive Director

PUBLIC SERVICE COMMISSION OF KENTUCKY	
EFFECTIVE April 1, 2005 4/1/2005	
PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9 (1)	
By 	Executive Director

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

3. Interconnection: Customer-Generator shall provide the interconnection on Customer-Generator's side of the point of common coupling. At Customer-Generator's expense, Cooperative shall make reasonable modifications to Cooperative's system necessary to accommodate Customer-Generator's Facility. The cost for such modifications is due in advance of construction. The net metering system used by Customer-Generator shall include, at Customer-Generator's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by Cooperative's electric service requirements, the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers (specifically IEEE Standard 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems"), and Underwriters Laboratories.

Cooperative's written approval of Customer-Generator's protection-isolation method to ensure generator disconnection in case of a power interruption from Cooperative is required before service is provided under this schedule.

4. Impact Studies: The Cooperative shall review the application for net metering service to determine if a detailed system impact study for the proposed project is required. If a system impact study is required, the customer-generator will be advised of the estimated cost of the study, and will be asked to agree to reimburse the Cooperative for these costs once the study is completed. When construction, modifications, or upgrades to the distribution system are required to interconnect the customer-generator's electric generating facility, the customer-generator is responsible for all costs incurred by the Cooperative. Once the customer-generator has reimbursed the Cooperative for any costs of system modifications (if required), the interconnection process will proceed.

5. Disconnect Switch: Customer-Generator shall furnish and install on Customer-Generator's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer-Generator's energy generating equipment from Cooperative's electric service. The disconnect switch shall be located adjacent to Cooperative's meters and shall be of the visible break type in a metal enclosure which can be secured by a padlock. The disconnect switch shall be accessible to Cooperative personnel at all times. Cooperative shall have the right to disconnect the Facility from Cooperative's supply at the disconnect switch when necessary to maintain safe electrical operating conditions or, if in Cooperative's sole judgement, the Facility at any time adversely affects Cooperative's operation of its electrical system or the quality of Cooperative's service to other Customers.

DATE OF ISSUE February 25, 2005

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TITLE PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 4/1/2005 PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9 (1) By [Signature] Executive Director

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

- 6. **Functional Standards:** Customer-Generator shall furnish, install, operate and maintain in good order and repair, all without cost to Cooperative, all equipment required for the safe operation of the Facility in parallel with Cooperative's system. This equipment shall include, but not limited to, equipment necessary to establish automatically and maintain synchronism with Cooperative's electric supply and a load break switching device that shall automatically disconnect the unit from Cooperative's supply in the event of overload or outage of Cooperative's supply. The facility shall be designed to operate within allowable voltage variations of Cooperative's system. The Facility shall not cause any adverse effects upon the quality of service provided to Cooperative's Customers.
- 7. **Installation and Maintenance:** Excepting only metering equipment owned by Cooperative, all equipment on Customer-Generator's side of the point of common coupling, including any required disconnect switch and synchronizing equipment, shall be provided, installed, and maintained in satisfactory operating condition by Customer-Generator, and shall remain the property and responsibility of Customer-Generator. Cooperative shall bear no liability for Customer-Generator's equipment or for consequences of its operation or mis-operation. For purposes of gathering research data, Cooperative may at its expense install and operate additional metering and data-gathering devices.
- 8. **Pre-operation Inspection:** Prior to interconnection, the Facility and associated interconnection equipment shall be inspected and approved by the state electrical inspector and any other governmental authority having jurisdiction.
- 9. **Access:** Authorized Cooperative employees shall have the right to enter upon Customer-Generator's property for the purposes of operating the disconnect switch and meters and making additional tests concerning the operation and accuracy of its meters.
- 10. **Merger:** This contract contains the entire agreement between Customer-Generator and Cooperative and may not be changed except by writing signed by both Customer-Generator and Cooperative.

In witness whereof, Cooperative and Customer-Generator have, by their duly authorized representatives, executed this agreement in duplicate as of the day and year first above written.

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie S Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

By   
Executive Director

PUBLIC SERVICE COMMISSION  
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President and CEO  
SECTION 9 (1)

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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**CLASSIFICATION OF SERVICE**

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

[CUSTOMER-GENERATOR NAME]

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

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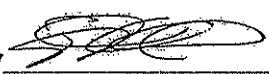
DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie L. Croaning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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President and CEO  
SECTION 9(1)  
By   
Executive Director



FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

Customer Net Energy Service Agreement  
Attachment to the Net Metering Tariff  
for  
Net Metering Service

1. Scope of Agreement

This Agreement states the conditions for net metering for customer-generators who own, operate, and maintain electrical generating facilities using solar energy designed to operate in parallel with the existing Cooperative's electrical distribution system and be primarily intended to offset part or all of the customer-generator's own electrical requirements.

2. Definitions

"Cooperative" shall mean Farmers Rural Electric Cooperative Corporation, the retail electricity supplier serving the customer-generator.

"Customer-generator" means a customer who owns and operates an electric generating facility that is located on the customer's premises, for the primary purpose of supplying all or part of the customer's own electricity requirements.

"Electric generating facility" or "facility" means an electric generating facility that is connected in parallel with the electric distribution system; generates electricity using solar energy; and has a rated capacity of not greater than fifteen (15) kilowatts.

"Point of common coupling" means the point where a generating facility is connected to the Cooperative's distribution system.

3. Establishment of Point of Common Coupling

The Cooperative and the customer-generator agree to interconnect the Facility at the Point of Common Coupling in accordance with the Cooperative's rules, regulations, by-laws, rates, and tariffs (the "Rules") all of which are incorporated herein by reference.

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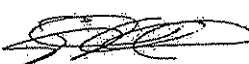
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4/1/2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

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PUBLIC SERVICE COMMISSION OF KENTUCKY	
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ISSUED BY	Jackie S. Browning
TITLE	PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9 (1)
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO.	DATED
By	
	Executive Director

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

4. Interconnection

The customer-generator shall provide all equipment and perform all electrical interconnections on its side of the point of common coupling. The Cooperative will make such modifications to the Cooperative's distribution system as are reasonably necessary to accommodate the customer-generator's facility. The customer-generator shall be responsible for the costs of any such modifications and payment shall be due thirty (30) days in advance of construction. The customer-generator shall meet all requirements of the Interconnection Agreement for Net Metering Service and shall ensure, at its own expense, that the Facility includes all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by Cooperative policies, the National Electric Code, National Electric Safety Code, the Institute of Electrical and Electronic Engineers, the Kentucky State Building Code, and Underwriters Laboratories. The customer-generator shall not commence parallel operation of the Facility until the Cooperative has inspected the Facility, including all interconnection equipment, and issued a written approval which includes a stipulated start date following which operations in parallel are permitted. The Cooperative maintains the right to verify proper installation and inspect the customer-generator's Facility to ensure continued safe operation of the electrical generating equipment and interconnection system at any time with reasonable advance notice to the customer-generator.

5. Installation, Operation and Maintenance of Facilities

The customer-generator shall furnish, install, operate and maintain in good order and repair, without cost to the Cooperative, all generating and interconnecting equipment required for the safe operation of the Facility in parallel with Cooperative's electrical distribution system. This includes, but is not limited to, equipment necessary to automatically disconnect the Facility from Cooperative's electrical distribution system in the event of overload or outage of Cooperative's distribution system.

Except for the bi-directional metering equipment owned by the Cooperative, all equipment on the customer-generator's side of the point of common coupling, including the required disconnect device, shall be provided and maintained in satisfactory operating condition by the customer-generator and shall remain the property and responsibility of the customer-generator.

The Facility must be designed to operate within allowable operating standards for Cooperative's electrical distribution system. The Facility must not adversely affect the

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011 President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 4/1/2005 PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9(1) By [Signature] Executive Director

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

quality or reliability of service provided to other Cooperative customers. The Cooperative shall have the right to periodically inspect the Facility.

The Cooperative will bear no responsibility for the installation or maintenance of the customer-generator's equipment or for any damage to property as a result of any failure or malfunction thereof. The Cooperative shall not be liable, directly or indirectly, for permitting or continuing to allow the interconnection of the Facility or for the acts or omissions of the customer-generator or the failure or malfunction of any equipment of the customer-generator's facility that causes loss or injury, including death, to any party.

**6. Permits and Compliance with Codes, Standards, Rules, Regulations and Laws**

The customer-generator shall file in a timely manner applications for all governmental authorizations and permits that are required for the Facility prior to construction of the Facility. Prior to the initial start-up date, the customer-generator shall obtain all governmental authorizations and permits required for operation of the Facility and shall maintain all required governmental authorizations and permits required for the Facility during the term hereof. The customer-generator shall provide copies of any such authorizations, permits and licenses to the Cooperative upon request. The customer-generator agrees to cause its Facility to be constructed in accordance with the rules and specifications equal to or better than those provided by the National Electrical Safety Code and the National Electrical Code, both codes approved by the American National Standards Institute, in effect at the time of construction.

The customer-generator shall maintain the electric generating system and interconnection facilities in a safe and prudent manner and in conformance with all applicable laws and regulations, and obtain any governmental authorizations and permits required for the construction and operation of the electric generating system and interconnection facilities. The customer-generator shall reimburse the Cooperative for any and all losses, damages, claims, penalties, or liability it incurs as a result of the customer-generator's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of customer-generator's Facility.

**7. Responsible Party**

The customer-generator shall identify an individual (by name or title) who shall serve as the responsible party for operation and maintenance of the customer-generator's Facility.

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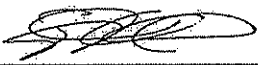
DATE EFFECTIVE EFFECTIVE 4/1/2005

ISSUED BY Jackie L. Browning

TITLE PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

PUBLIC SERVICE COMMISSION OF KENTUCKY	
DATE OF ISSUE	February 25, 2005
DATE EFFECTIVE	EFFECTIVE 4/1/2005
ISSUED BY	Jackie L. Browning
TITLE	PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9 (1)
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO.	DATED
By	
	Executive Director

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

individual shall be familiar with this Agreement as well as the provisions of any other agreements, rules or regulations that may apply.

**8. Price, Payment and Credit**

Net metered electricity shall be measured in accordance with standard metering practices established by the Cooperative.

a. Retail Sales to Member/Customer

If the net metering registration shows that deliveries of energy in kWh from the Cooperative to the customer-generator exceed the deliveries of energy in kWh from the customer-generator to the Cooperative, the customer-generator shall pay the Cooperative for the net amount of energy delivered by the Cooperative after application of any Net Metering Credit carried forward from previous months at the rate applicable to its type or class of electric service.

b. Energy Deliveries to Cooperative

If the net meter registration shows that the deliveries of energy in kWh from the customer-generator to the Cooperative exceed the deliveries of energy in kWh from the Cooperative to the customer-generator, the net meter registration in kWh will be carried forward to the next monthly billing period as a Net Metering Credit, expressed in kWh. If the customer-generator has carried over a Net Metering Credit from one or more prior months, the net meter registration from the current month shall be added to the Net Metering Credit that exists from prior months.

At no time shall the Cooperative be required to convert the Net Billing Credit to cash. If a customer-generator closes his account, no cash refund for residual Net Metering Credits shall be paid. Net Metering Credits are not transferable between customers or locations.

**9. Impact Studies and System Modifications**

As part of the process of accommodating the interconnection of the customer-generator's Facility to the Cooperative distribution system, the Cooperative shall conduct an initial review that includes a meeting/discussion with the customer-generator to review the application and scope of the project. The Cooperative may conduct internal studies to

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie A. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

By   
Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
April 1, 2005  
PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

FARMERS RURAL ELECTRIC  
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**CLASSIFICATION OF SERVICE**

deemed necessary and at no additional cost to the customer-generator, such as but not limited to the review of capacity issues, system protection, aggregate harmonics analysis, aggregate power factor, and voltage regulation. The initial review will determine if a detailed system impact study for the proposed project is required.

If a system impact study is required, the customer-generator will be advised of the estimated cost of the study and shall reimburse the Cooperative for these costs once the study is completed. Only after the customer-generator has signed the Impact Study Agreement, will the study be conducted. The impact study shall evaluate, in detail, the impact of the proposed interconnection on the safety and reliability of the Cooperative's distribution system, and assesses whether any system modifications are required for interconnection. When construction, modifications, or upgrades to the distribution system are required to interconnect the customer-generator's electric generating facility, the customer-generator shall reimburse the Cooperative for all costs incurred. Once the customer-generator has reimbursed the Cooperative for any costs of system modifications (if required), the interconnection process will proceed.

**10. Interruption or Reduction of Deliveries**

The Cooperative may require the customer-generator to interrupt or reduce deliveries as follows: a) when necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of the Cooperative's equipment or system; or, b) if the Cooperative determines in its sole discretion that curtailment, interruption, or reduction is necessary because of emergencies, abnormal system operation, faulted conditions, or compliance with prudent electrical practices. Whenever possible, the Cooperative shall give the customer-generator reasonable notice of the possibility that interruption or reduction of deliveries may be required.

Notwithstanding any other provision of this Agreement, if at any time the Cooperative determines that either:

- the generating facility may endanger Cooperative personnel, or,
- the continued operation of customer-generator's generating facility may endanger the integrity of Cooperative's electric system,

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie S. Browning

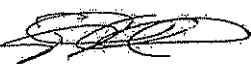
TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

---

By   
Executive Director

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

The Cooperative shall have the right to disconnect the customer-generator's Facility from the Cooperative's distribution system. The customer-generator's Facility shall remain disconnected until such time as the Cooperative is satisfied that the above-referenced condition(s) have been corrected.

11. Indemnity and Liability

The customer-generator hereby indemnifies and agrees to hold harmless and release the Cooperative and its officers, employees, contractors, and agents and each of the heirs, personal representatives, successors, and assigns of any of the foregoing (collectively, the "Indemnitees") from and against any and all losses, claims, damages, costs, demands, fines, judgments, penalties, obligations, payments, and liabilities, together with any costs and expenses (including without limitation attorneys' fees and out-of-pocket expenses and investigation expenses) incurred in connection with any of the foregoing, resulting from, relating to, or arising out of, or in connection with: a) any failure or abnormality in the operation of the customer's generating Facility or any related equipment; b) any failure of the customer-generator to comply with the standards, specifications, or requirements referenced in this Agreement which results in abnormal voltages or voltage fluctuations, abnormal changes in the harmonic content of the generating facility output, single phasing, or any other abnormality related to the quantity or quality of the power produced by the generating facility; c) any failure of the customer-generator duly to perform or observe any term, provision, covenant, agreement, or condition hereunder to be performed or by or on behalf of the customer or d) any negligence or intentional misconduct of customer related to the operation of the generating system or any associated equipment or wiring.

The customer-generator shall, upon the Cooperative's request, defend any suit asserting a claim covered by this indemnity. The customer-generator shall pay all costs (including reasonable attorneys' fees and costs) that may be incurred by the Cooperative in enforcing this indemnity.

12. Liability Insurance

The customer-generator shall maintain general liability insurance coverage (through a homeowner's, commercial, or other policy) against a loss arising from the use or operation of the customer-generator Facility with minimum limits of \$300,000 per occurrence/\$300,000 aggregate combined single limit for personal injury, bodily injury, including death and property damage. Prior to interconnection, the customer-generator shall submit evidence of such insurance to the Cooperative with the Application for Net Metered Electrical Generation

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE 4/1/2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011 President and CEO SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

By [Signature] Executive Director

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE APRIL 1, 2005 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

Service. The Cooperative's receipt of evidence of liability insurance does not imply an endorsement by the Cooperative of the terms and conditions of the coverage.

**13. Equipment Certification**

All inverters and associated interconnection equipment shall have been tested by a Nationally Recognized Testing Laboratory as having met the testing requirements of IEEE Standard 1547. Inverters and associated interconnection equipment listed for generating facility application (up to the size range covered by this Agreement and the Net Energy Metering tariff) listed on the following websites are hereby approved for application and installation under the terms of this Agreement and the terms of the Net Energy Metering Tariff:

**List of Approved Equipment**

- <http://www.dps.state.ny.us/SIRDevices.PDF>
- <http://www.fsec.ucf.edu/pvt/buyinstallpv/pvapprovals/approvals1.htm>
- [http://www.consumerenergycenter.org/cgi-bin/eligible\\_inverters.cgi](http://www.consumerenergycenter.org/cgi-bin/eligible_inverters.cgi)
- [http://www.consumerenergycenter.org/cgi-bin/eligible\\_pvmodules.cgi](http://www.consumerenergycenter.org/cgi-bin/eligible_pvmodules.cgi)

**14. Testing and Testing Records**

The customer-generator shall provide to the Cooperative all records of testing. These records shall include testing at the start of commercial operation and periodic testing thereafter. Factory testing of the protective systems shall be acceptable. In the case of a factory test, the customer-generator shall provide a written description and certification by the factory of the test, the test results, and the qualification of any independent testing laboratory. In addition, the settings of the equipment being installed are to be approved by the Cooperative prior to operating in parallel with the Cooperative's distribution system.

**15. Rights of Access**

The Cooperative may send an employee, agent, or contractor to the premises of the customer-generator at any time whether before, during, or after the time the Facility first produce energy to inspect the Facility and observe the Facility's installation, commissioning (including any testing), startup, operation, and maintenance. At any time the Cooperative, its employees, agents, or contractors shall have access to the customer-generator's premises for this or any other reasonable purpose in connection with the interconnection described in this Agreement, the Rules, or to provide service to its customers.

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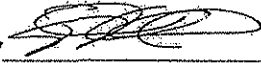
DATE EFFECTIVE April 1, 2005  
4/1/2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)  
By   
Executive Director

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

CLASSIFICATION OF SERVICE

16. Capacity Limit

This Agreement only applies to one or more photovoltaic generation facilities owned by the customer-generator and having a total installed capacity of up to 15 kW. If at any time the total site capacity of a generating facility previously covered under the terms of this Agreement exceed this capacity limit, the customer-generator is then in default of this Agreement. In this case, the provisions of Article 18, Default, will apply.

17. Disconnection of Facilities

The Cooperative maintains the right to disconnect, without liability, the customer-generator's Facility, and suspend service, in cases where continued operation may endanger persons, the Cooperatives' distribution system, or other property. If the operation of the customer-generator's Facility poses an immediate danger to persons or the public, or the safe and stable operation of the Cooperative's distribution system, the Facility may be disconnected from the distribution system with no prior notice. In other cases, the customer-generator will be provided with an opportunity to correct the situation prior to disconnection. During an unplanned outage of the distribution system serving the customer-generator's Facility, the Cooperative shall have the right to suspend service and disconnect the Facility from the system to effect repairs on the system; in this case, the Cooperative shall use its reasonable efforts to provide the customer-generator with reasonable prior notice.

The customer-generator shall disconnect the facility from the system, or the Cooperative shall have the right to disconnect the Facility from the system, in the case of customer-generator's default under the terms of this Agreement.

18. Default

Any one or more of the following acts or omissions of the customer-generator shall constitute an event of default hereunder:

- Failure to comply with the capacity limit of this Agreement;
- Failure to maintain the requisite levels of liability insurance in full force;
- Failure to install, operate and maintain the generating facility in accordance with all applicable standards, rules, regulations and laws;

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE EFFECTIVE APRIL 1, 2005  
4/1/2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

By [Signature] Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature] Executive Director



FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

- Failure to maintain any records, or submit any reports or test results required hereunder; and/or,
- Failure to perform any of the other covenants and conditions of this Agreement.

Upon the occurrence of any of these events of default, the Cooperative may take any one, or more, or all, of the following actions:

Give the customer-generator a written notice specifying the event of default and requiring it to be remedied within thirty (30) days from the date of notice;

If the event of default is not timely remedied, a) terminate this agreement, effective two (2) days after giving the customer-generator notice of termination, and b) disconnect the Facility in accordance with the provisions of Article 17.

**19. Metering**

Metering equipment shall be capable of measuring and recording energy flows, on a kWh basis, from the Cooperative to the customer-generator and from the customer-generator to the Cooperative, with each directional energy flow recorded independently. If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the customer-generator shall be metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place. If the customer-generator's existing electrical meter is not capable of registering the flow of electricity in two directions, the customer shall be responsible for all expenses involved in purchasing and installing a meter (or meters) that is able to register electricity flow in two directions. All metering shall be capable of working with any automatic meter reading systems used by the Cooperative.

**20. Application and Agreements**

A customer-generator seeking to interconnect an eligible electric generating facility to the Cooperative's distribution system must submit to the Cooperative the following documents in addition to this Agreement:

- a. Application for Net Metered Electrical Generation Service, completed and executed, including a one-line diagram showing the configuration of the customer-generator's facility;

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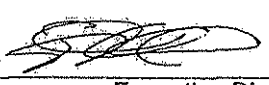
DATE EFFECTIVE 4/1/2005

ISSUED BY Jackie B. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY	
EFFECTIVE	
DATE OF ISSUE	DATE EFFECTIVE
February 25, 2005	4/1/2005
ISSUED BY	TITLE
Jackie B. Browning	PURSUANT TO 807 KAR 5:011 President and CEO
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO.	DATED
_____	_____
By	Executive Director
	

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

- b. Interconnection Agreement for Net Metering Service, executed prior to interconnection.

The Cooperative may reject an application for demonstrable reliability or safety issues; however, the Cooperative will work with the customer to resolve those issues to the extent practicable.

**21. Effective Term and Termination Rights**

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) customer-generator may terminate this Agreement at any time by giving the Cooperative at least sixty (60) days' written notice; (b) Cooperative may terminate upon failure by the customer-generator to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of the Cooperative, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Cooperative may terminate by giving the customer-generator at least thirty (30) days notice in the event that there is a material change in an applicable law, or any requirement of the Cooperative's wholesale electric suppliers or of any transmission utility, independent system operator or regional transmission organization having responsibility for the operation of any part of the system.

**22. Severability**

If any portion or provision of this Agreement is held or adjudged for any reason to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

**23. Amendment**

This Agreement may be amended only upon mutual agreement of the parties, which amendment will not be effective until reduced to writing and executed by the parties.

DATE OF ISSUE February 25, 2005


DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie L. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY	
EFFECTIVE	
DATE	<u>April 1, 2005</u>
PURSUANT TO 807 KAR 5:011 President and CEO	
SECTION 9(f)	
By	
Executive Director	

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original \_\_\_\_\_ SHEET NO. 39 \_\_\_\_\_

**CLASSIFICATION OF SERVICE**

**24. Independent Contractors**

The parties hereto are independent contractors and shall not be deemed to be partners, employees, franchisees or franchisers, servants or agents of each other for any purpose whatsoever under or in connection with this Agreement.

**25. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky. Venue for any action arising under or in connection with this Agreement shall be in the Barren County Circuit Court.

**26. Notices**

Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to the Cooperative:

Farmers RECC

P.O. Box 1298

Glasgow, KY 42142

(b) If to the customer-generator:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The above-listed names, titles, and addresses of either party may be changed by written notification to the other.

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie K. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY	
DATE OF ISSUE	DATE EFFECTIVE
<u>February 25, 2005</u>	<u>April 1, 2005</u>
ISSUED BY	TITLE
<u>Jackie K. Browning</u>	<u>PURSUANT TO 807 KAR 5:011 President and CEO</u>
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO.	DATED
_____	_____
By	<u>[Signature]</u>
	Executive Director

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 40

**CLASSIFICATION OF SERVICE**

**27. Assignment**

This Agreement and all provisions hereof shall inure to and be binding upon the respective parties hereto, their personal representatives, heirs, successors, and assigns. Customer-generator shall not assign this Agreement or any part hereof without the prior written consent of the Cooperative, and such consent shall be within the sole discretion of the Cooperative. Any unauthorized assignment may result in default under the terms of this Agreement.

**28. Signatures/Agreement Execution**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

[CUSTOMER-GENERATOR NAME]

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE 4/1/2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
SECTION 6(1)  
By [Signature]  
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

ORIGINAL SHEET NO. 41

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

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

**RATES AND CHARGES**

**RATE SCHEDULE ES - ENVIRONMENTAL SURCHARGE**

**AVAILABILITY**

In all of the Company's service territory.

**APPLICABILITY**

This rate schedule shall apply to all electric rate schedules and special contracts.

**RATE**

$CES(m) = ES(m) - BESF$

where CES(m) = Current Month Environmental Surcharge Factor  
ES(m) = Current Month Environmental Surcharge Calculation  
BESF = Base Environmental Surcharge Factor of 0%

$ES(m) = \frac{[(WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge}) + (\text{Over/Under Recovery})]}{[\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)}]}$  = \_\_\_\_\_ %

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE March 17, 2005  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning July 1, 2005  
Month / Date / Year

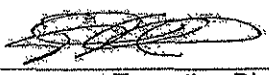
ISSUED BY Jackie B. Browning  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2004-00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
7/1/2005  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By   
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

ORIGINAL SHEET NO. 42

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO.

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

**RATES AND CHARGES**

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

**BILLING**

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE March 17, 2005  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning July 1, 2005  
Month / Date / Year

ISSUED BY Jackie S. Browning  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2004-00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
7/1/2005  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Farmers Rural Electric Cooperative Corporation

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE  
LESS THAN 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of less than 100 kW which have executed a contract with Farmers Rural Electric Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (1)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (1)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199	(1)
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094	(1)
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203	(1)
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069	(1)
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486	(1)

b. Non-Time Differentiated Rates:

Year	2008	2009	2010	2011	2012
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04133	\$0.04196

DATE OF ISSUE May 8, 2008      DATE EFFECTIVE June 1, 2008 <sup>6/1/2008</sup>  
ISSUED BY William J. Proffitt      TITLE President & Chief Executive Officer  
Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00128      Dated April 28, 2008  
By Stephanie Rumbert  
Executive Director

For Area Served  
P.S.C. No. 9  
Original Sheet No. 44  
Canceling P.S.C. No. 2  
Original Sheet No. 3

Farmers Rural Electric Cooperative Corporation

The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Farmers Rural Electric Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Farmers Rural Electric Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Priddy

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
OFFICE  
6/1/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By Stephanie Hunter  
Executive Director



Farmers Rural Electric Cooperative Corporation

6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00
  - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years. (N)
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Prather TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
6/1/2008  
P.S.C. No. 9  
807 KAR 5:011  
SECTION 9 (1)

By Stephanie Rumbarger  
Executive Director

Farmers Rural Electric Cooperative Corporation

For Area Served  
P.S.C. No. 9  
Original Sheet No. 46  
Canceling P.S.C. No. 2  
Original Sheet No. 1&3

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE OVER 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with Farmers Rural Electric Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054. (T)

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

Year	Winter		Summer	
	On-Peak	Off-Peak	On-Peak	Off-Peak
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486

b. Non-Time Differentiated Rates:

Year	2008	2009	2010	2011
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE 6/1/2008  
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY William J. Patten TITLE President & Chief Executive Officer  
By Stephanie Rumberg  
Executive Director

DATE OF ISSUE May 8, 2008 DATE EFFECTIVE June 1, 2008  
ISSUED BY William J. Patten TITLE President & Chief Executive Officer  
Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 2008-00128 Dated April 28, 2008

For Area Served  
P.S.C. No. 9  
Original Sheet No. 47  
Canceling P.S.C. No. 2  
Original Sheet No. 1&4

Farmers Rural Electric Cooperative Corporation

The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Farmers Rural Electric Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Farmers Rural Electric Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Priddy TITLE President & Chief Executive Officer

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

6/1/2008

PURSUANT TO 807 KAR 5:011

SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 2008-00128 Dated April 28, 2008

By Stephanie Rumber  
Executive Director

Farmers Rural Electric Cooperative Corporation

For Area Served  
P.S.C. No. 2  
Original Sheet No. 48  
Canceling P.S.C. No. 2  
Original Sheet No. 1&3

6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
- a. Public Liability for Bodily Injury - \$1,000,000.00
  - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years. (N)
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Patton

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

EFFECTIVE  
6/1/2008

PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By Stephanie Dumb  
Executive Director

**Direct Load Control of Water Heaters Program**

**Direct Load Control of Air-Conditioners Program**

**Purpose**

The Direct Load Control of Water Heaters and Air Conditioners will encourage the reduction in growth of peak demand, enabling the Company to utilize its system more efficiently and defer the construction of new generation.

**Availability**

Both the Direct Load Control of Water Heaters Program and the Direct Load Control of Air Conditioners Program are available to residential customers in the service territories of Farmers Rural Electric Cooperative Corporation. Availability may be denied where, in the judgment of the Farmers Rural Electric Cooperative Corporation, installation of the load control equipment is impractical.

**Eligibility**

To qualify for these Programs, the participant must be located in the service territory of Farmers Rural Electric Cooperative Corporation and have central air conditioning or heat pump units and/or 40-gallon (minimum) electric water heating units. The above appliances may be electrically cycled or interrupted in accordance with the rules of this Tariff.

**Incentive - Direct Load Control of Water Heaters Program**

Farmers Rural Electric Cooperative Corporation will provide an incentive to the participants in this program. Farmers Rural Electric Cooperative Corporation will credit the residential power bill of the participant \$10.00 per water heater each year. The participant will receive this credit regardless of whether the water heater is cycled during the month.

DATE OF ISSUE May 23, 2008 DATE EFFECTIVE: Service rendered on and after June 2, 2008

ISSUED BY William T. Prather  
William T. Prather

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00161 Dated May 16, 2008

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE	
PURSUANT TO 807 KAR 5:011	
By <u>Stephanie Hunter</u> Executive Director	

Farmers Rural Electric Cooperative Corporation

**Incentive - Direct Load Control of Air-Conditioners Program**

Farmers Rural Electric Cooperative Corporation will provide an incentive to the participants in this program. The customer may select one of two alternatives. One, Farmers Rural Electric Cooperative Corporation will credit the residential power bill of the participant \$20.00 per air conditioner (\$5 per summer months, June, July, August, and September). Two, alternatively, EKPC, on behalf of Farmers Rural Electric Cooperative Corporation, will provide and install at no cost a digital thermostat for the participant. The participant will receive one of these incentives regardless of whether the air conditioner or heat pump is controlled during the month.

**Time Period for the Direct Load Control of Water Heaters Program**

A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of four hours.

East Kentucky Power Cooperative ("EKPC") will cycle the water heaters only during the hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	6:00 a.m. to 12:00 noon 4:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**Time Period for the Direct Load Control of Air Conditioners**

A load control device (switch or thermostat) will be placed on each central air conditioning unit or heat pump that will allow the operating characteristics of the unit to be modified (by cycling the unit off for periods of time up to 15 minutes, or by adjusting the temperature setting on the thermostat) to reduce demand on the system.

EKPC will control the air conditioning units and heat pumps only during its summer on-peak billing hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
May through September	10:00 a.m. to 10:00 p.m.

DATE OF ISSUE May 23, 2008 DATE EFFECTIVE: Service rendered on and after June 2, 2008  
 ISSUED BY William T. Prather TITLE President & Chief Executive Officer  
 Issued by authority of an Order of the Public Service Commission of 1  
 Case No. 2008-00161 Dated May 16, 2008 By Stephanie Bunker Executive Director



Farmers Rural Electric Cooperative Corporation

**Terms and Conditions**

1. If a participant decides to withdraw from the program(s) or change to another load control option, Farmers Rural Electric Cooperative Corporation will endeavor to implement the change as soon as possible.
2. Prior to the installation of load control devices, Farmers Rural Electric Cooperative Corporation may inspect the participant's electrical equipment to insure good repair and working condition, but Farmers Rural Electric Cooperative Corporation shall not be responsible for the repair or maintenance of the electrical equipment.
3. Farmers Rural Electric Cooperative Corporation will install, own, and maintain the load management devices controlling the participant's air conditioner or water heater. The participant must allow Farmers Rural Electric Cooperative Corporation reasonable access to install, maintain, inspect, test and remove load control devices. Inability of Farmers Rural Electric Cooperative Corporation to gain access to the load management device to perform any of the above activities for a period exceeding 30 days may, at Farmers Rural Electric Cooperative Corporation option, result in discontinuance of credits under this tariff until such time as Farmers Rural Electric Cooperative Corporation is able to gain the required access.

DATE OF ISSUE May 23, 2008 DATE EFFECTIVE: Service rendered on and after June 2, 2008

ISSUED BY William T. Prather TITLE President & Chief Executive Officer 6/2/2008  
William T. Prather 5:011

Issued by authority of an Order of the Public Service Commission  
Case No. 2008-00161 Dated May 16, 2008

PUBLIC SERVICE COMMISSION	
OF KENTUCKY	
EFFECTIVE	
6/2/2008	
SECTION 9 (1)	
By <u>Stephanie Rumber</u>	Executive Director

P.S.C. KY. NO. 1

CANCELS P.S.C. KY. NO. \_\_\_\_\_

FARMERS RECC

OF

GLASGOW, KENTUCKY

RATES, RULES AND REGULATIONS FOR PURCHASING

ELECTRIC POWER SERVICE

AT

VARIOUS LOCATIONS  
WITHIN ITS SERVICE AREA

FROM

QUALIFIED COGENERATION AND

SMALL POWER PRODUCTION FACILITIES

OF 100 KW OR LESS

FILED WITH PUBLIC SERVICE COMMISSION OF

KENTUCKY

ISSUED July 23, 1984

EFFECTIVE June 28, 1984

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

ISSUED BY Farmers RECC  
(Name of Utility)

JUN 29 1984

PURSUANT TO 807 KAR 5:011,  
SECTION 9(1)

BY: Jordan C. Keel

BY J. B. Galloway  
General Manager



FOR Territory Served  
Community Town or City

P.S.C. No. 1

ORIGINAL SHEET NO. 1

FARMERS RECC  
Name of Issuing Corporation

CANCELLING P.S.C. NO.

ORIGINAL SHEET NO.

CLASSIFICATION OF SERVICE

RATE  
PER UNIT

Cogeneration and Small Power Production Rate Schedule

AVAILABILITY

Available only to qualified cogenerators and small power producers with a rated capacity of 100 KW or less which have executed a contract for the sale of power to Farmers RECC.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUN 29 1984

RATE SCHEDULE

- 1. Capacity - \$0.00
- 2. Energy

PURSUANT TO 807 KAR 5:011,  
SECTION 9(3)

BY: *Jordan C. Neal*

A base payment per kWh of energy as listed below for the appropriate calendar years:

<u>Year</u>	<u>0-50 MW</u>	<u>50-100 MW</u>
1982	1.463¢	1.421¢
1983	1.535¢	1.499¢
1984	1.686¢	1.659¢
1985	1.625¢	1.596¢
1986	1.732¢	1.711¢
1987	1.897¢	1.870¢

DATE OF ISSUE July 23, 1984

DATE EFFECTIVE June 28, 1984

ISSUED BY

*J.B. Ballouway*  
Name of Officer

TITLE

General Manager

Issued by authority of an Order of the Public Service Commission of Kentucky

Case No. 8566

Dated June 28, 1984

FOR Territory Served  
Community Town or City

P.S.C. No. 1

ORIGINAL SHEET NO. 2

FARMERS RECC  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

ORIGINAL SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE

	RATE PER UNIT
<p><u>TERMS AND CONDITIONS</u></p> <ol style="list-style-type: none"> <li>All payments due the seller are payable on or before the twentieth day of the month following the month for which payment is due unless other arrangements are specifically contracted for.</li> <li>All power from qualifying facilities will be sold to Farmers RECC.</li> <li>Seller shall provide good quality electric power within reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.</li> <li>Seller shall provide reasonable protection for the Farmers RECC system and East Kentucky Power System including, but not limited to, the following: <ol style="list-style-type: none"> <li>Synchronization</li> <li>Phase and Ground Faults</li> <li>High or Low Voltage</li> <li>High or Low Frequency</li> </ol> </li> <li>Seller shall provide lockable disconnect switch accessible at all times by Farmers RECC and East Kentucky Power personnel.</li> <li>Seller shall design, construct, install, own, operate, and maintain the qualifying facility in accordance with all applicable codes, laws, regulation and generally accepted utility practice.</li> <li>Seller's plans must be approved by Farmers RECC and East Kentucky Power Cooperative.</li> </ol>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JUL 29 1984 PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <i>Jordan C. Hill</i></p>

DATE OF ISSUE July 23, 1984 DATE EFFECTIVE June 28, 1984

ISSUED BY *J.B. Halloway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 8566 Dated June 28, 1984

FOR Territory Served  
Community Town or City

P.S.C. NO. 1

ORIGINAL SHEET NO. 3

FARMERS RECC  
Name of Issuing Corporation

CANCELLING P.S.C. NO.

ORIGINAL SHEET NO.

CLASSIFICATION OF SERVICE

	RATE PER UNIT
8. Seller shall maintain operations and maintenance records including start-up and down time.	
9. Seller shall reimburse Farmers RECC for any additional costs as a result of interconnecting with the seller including operation, maintenance, administration, and billing expenses.	
10. Seller shall allow 24 hour access to all metering equipment for Farmers RECC and East Kentucky Power personnel.	
11. Seller shall contract with member cooperative for stand-by power to meet seller's power needs when seller's generation is down.	
12. Seller shall provide space for the interconnection facility at no cost to Farmers RECC or East Kentucky Power Cooperative.	
13. Seller agrees to indemnify and hold harmless Farmers RECC, East Kentucky Power Cooperative, their directors, officers, employees or agents from all actions except as may be solely caused by them.	PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JUL 28 1984
14. Seller shall obtain insurance in at least the following amounts for each occurrence: a. Public Liability for Bodily Injury - \$1,000,000 b. Property Damage - \$500,000	PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <i>Jordan C. Neel</i>
15. Seller shall have sole responsibility for the safety and electrical protection of seller's facilities.	
16. Initial contract term shall be for a minimum of two years. Contract may be terminated by Farmers RECC for a material breach by seller of its obligation under the contract upon 30 days notice.	

DATE OF ISSUE July 23, 1984 DATE EFFECTIVE June 28, 1984

ISSUED BY *JOB Galloway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky

Case No. 8566 Dated June 28, 1984

P.S.C. KY. NO. 1

CANCELS P.S.C. KY. NO. \_\_\_\_\_

FARMERS RECC

OF

GLASGOW, KENTUCKY

RATES, RULES AND REGULATIONS FOR PURCHASING

ELECTRIC POWER SERVICE

AT

VARIOUS LOCATIONS

WITHIN ITS SERVICE AREA

FROM

QUALIFIED COGENERATION AND

SMALL POWER PRODUCTION FACILITIES

OVER 100 KW

FILED WITH PUBLIC SERVICE COMMISSION OF

KENTUCKY

ISSUED July 23, 1984

EFFECTIVE June 28, 1984

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

ISSUED BY Farmers RECC  
(Name of Utility)

JUN 29 1984

PURSUANT TO 807 KAR 5:011,  
SECTION 9(1)

BY Jordan C. Neel

BY

J. B. Galaway  
General Manager

FOR Territory Served  
Community Town or City

P.S.C. No. 1

ORIGINAL SHEET NO. 1

FARMERS RECC  
Name of Issuing Corporation

CANCELLING P.S.C. NO.

ORIGINAL SHEET NO.

CLASSIFICATION OF SERVICE

RATE  
PER UNIT

Cogeneration and Small Power Production Rate Schedule

AVAILABILITY

Available only to qualified cogenerators and small power producers with a rated capacity of over 100 KW which have executed a contract for the sale of power to Farmers RECC.

RATE SCHEDULE

- 1. Capacity - \$0.00
- 2. Energy

A base payment per kWh of energy as listed below for the appropriate calendar years:

Year	0-50 MW	50-100 MW
1982	1.463¢	1.421¢
1983	1.535¢	1.499¢
1984	1.686¢	1.659¢
1985	1.625¢	1.596¢
1986	1.732¢	1.711¢
1987	1.897¢	1.870¢

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JUL 29 1984

PURSUANT TO 807 KAR 5:011,  
SECTION 9(1)

BY: *Jordan C. Neal*

DATE OF ISSUE July 23, 1984

DATE EFFECTIVE June 28, 1984

ISSUED BY *J.B. Holloway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky

Case No. 8566 Dated June 28, 1984

FOR Territory Served  
Community Town or City

P.S.C. No. 1

ORIGINAL SHEET NO. 2

FARMERS RECC  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

ORIGINAL SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE

	RATE PER UNIT
<u>TERMS AND CONDITIONS</u>	
1. All payments due the seller are payable on or before the twentieth day of the month following the month for which payment is due unless other arrangements are specifically contracted for.	
2. All power from qualifying facilities will be sold to Farmers RECC.	
3. Seller shall provide good quality electric power within reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.	
4. Seller shall provide reasonable protection for the Farmers RECC system and East Kentucky Power System including, but not limited to, the following: a. Synchronization b. Phase and Ground Faults c. High or Low Voltage d. High or Low Frequency	
5. Seller shall provide lockable disconnect switch accessible at all times by Farmers RECC and East Kentucky Power personnel. <small>PURSUANT TO 307 KAR 6:011, SECTION 9(1)</small>	
6. Seller shall design, construct, install, own, operate, and maintain the qualifying facility in accordance with all applicable codes, laws, regulation and generally accepted utility practice.	
7. Seller's plans must be approved by Farmers RECC and East Kentucky Power Cooperative. BY: <u>Jordan C. Neal</u>	

DATE OF ISSUE July 23, 1984 DATE EFFECTIVE June 28, 1984

ISSUED BY J.B. Ballouway TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 8566 Dated June 28, 1984

FOR Territory Served  
Community Town or City

P.S.C. NO. 1

ORIGINAL SHEET NO. 3

FARMERS RECC

Name of Issuing Corporation

CANCELLING P.S.C. NO.

ORIGINAL SHEET NO.

CLASSIFICATION OF SERVICE

RATE  
PER UNIT

- 8. Seller shall maintain operations and maintenance records including start-up and down time.
- 9. Seller shall reimburse Farmers RECC for any additional costs as a result of interconnecting with the seller including operation, maintenance, administration, and billing expenses.
- 10. Seller shall allow 24 hour access to all metering equipment for Farmers RECC and East Kentucky Power personnel.
- 11. Seller shall contract with member cooperative for stand-by power to meet seller's power needs when seller's generation is down.
- 12. Seller shall provide space for the interconnection facility at no cost to Farmers RECC or East Kentucky Power Cooperative.
- 13. Seller agrees to indemnify and hold harmless Farmers RECC, East Kentucky Power Cooperative, their directors, officers, employees or agents from all actions except as may be solely caused by them.
- 14. Seller shall obtain insurance in at least the following amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000
  - b. Property Damage - \$500,000
- 15. Seller shall have sole responsibility for the safety and electrical protection of seller's facilities.
- 16. Initial contract term shall be for a minimum of two years. Contract may be terminated by Farmers RECC for a material breach by seller of its obligation under the contract upon 30 days notice.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
JUL 2 1984  
PURSUANT TO 807 KAR 5:011,  
SECTION 9(3)  
BY: *Jordan Steel*

DATE OF ISSUE July 23, 1984 DATE EFFECTIVE June 28, 1984

ISSUED BY *J.B. Galloway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 8566 Dated June 28, 1984





P. S. C. Ky. No. 9

Cancels P. S. C. Ky. No. 8

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

OF

GLASGOW, KENTUCKY

**Rates, Rules and Regulations for Furnishing  
ELECTRICITY**

AT

BARREN, HART, METCALFE

AND PARTS OF

ADAIR, GREEN, LARUE, GRAYSON AND EDMONSON

COUNTIES OF KENTUCKY

**Filed with PUBLIC SERVICE COMMISSION OF  
KENTUCKY**

ISSUED May 20, 19 81

EFFECTIVE May 1, 19 81

ISSUED BY FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION  
(Name of Utility)

BY *J. B. Ballouway*  
Manager

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 1

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

18<sup>th</sup> 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 schools, churches and community buildings, all subject to the established rules and regulations of the seller. Three-phase service may be (T) 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			\$9.00	(N)
All Remaining	kWh	@	0.08299	(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 January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 2

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

18<sup>th</sup> Revised SHEET NO. 2

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

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**RATES AND CHARGES**

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**SCHEDULE R – RESIDENTIAL SERVICE**

**MINIMUM CHARGES:** The minimum monthly charge to consumers billed under the above rate shall be \$9.00 for single-phase service. Payment of the minimum charge shall entitle the (I)  
The minimum monthly charge for three-phase service shall be \$0.75 per kVA of installed transformer capacity.

**TERMS OF PAYMENT:** The above rates are net, the gross rates are 5 percent higher. If the (T)  
current monthly bill is not paid by the 15<sup>th</sup> of the month following the meter reading date, the gross rates shall then apply. No delayed payment charge shall be applicable to schools, churches and community buildings.

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DATE OF ISSUE January 12, 2009  
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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 3

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

18<sup>th</sup> 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		\$11.00	(N)
All Remaining	kWh @	\$0.07739 per kWh	(I)

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

Customer Charge		\$50.00	(N)
Kilowatt Demand Charge:		\$6.86 per kW	(I)
Energy Charge:			
All	kWh @	\$0.05897 per kWh	(I)

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ISSUED BY \_\_\_\_\_  
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TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

18<sup>th</sup> Revised SHEET NO. 4

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

17<sup>th</sup> Revised SHEET NO. 4

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

**RATES AND CHARGES**

**SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE**

**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 month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

**POWER FACTOR ADJUSTMENT:** The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of maximum demand is less than 90 percent, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90 percent and divided by the per cent power factor. (I)

**MINIMUM MONTHLY CHARGE:** The minimum monthly charge under the above rates shall be \$11.00 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kilowatt hours corresponding to the minimum charge in accordance with the foregoing rate. (I)

The minimum monthly charge for three-phase service shall be \$0.75 per kVA of installed transformer capacity, or \$50.00 or the minimum monthly charge stated in the service contract, whichever is greater. Where it is necessary to extend or re-enforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with the terms of this section, additional energy shall be included in accordance with the foregoing rate schedule. (N)

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ISSUED BY \_\_\_\_\_  
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TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

7<sup>TH</sup> Revised SHEET NO. 5

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

6<sup>th</sup> Revised SHEET NO. 5

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE

SERVICE AT PRIMARY VOLTAGE:

If service is furnished at primary distribution voltage, a discount of 10% shall apply to both energy and demand charges. However, service may be metered at secondary voltage and adjusted to primary metering by adding the estimated transformer losses to the metered kilowatt hours.

FUEL ADJUSTMENT CLAUSE:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kilowatt hour equal to the fuel adjustment amount per kilowatt hour as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% 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.

TERMS OF PAYMENT:

The above rates are net, the gross rates are 5 percent higher. If the current monthly bill is not paid by (T) the 15<sup>th</sup> of the month following the meter reading date, the gross rates shall then apply. No delayed payment charges shall be applicable to schools, churches, and community buildings.

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DATE OF ISSUE January 12, 2009  
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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

19<sup>th</sup> Revised SHEET NO. 6

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

18<sup>th</sup> 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	\$ 8.72	(I)
Mercury Vapor	250	98	9.93	(I)
Mercury Vapor	400	156	15.07	(I)
Mercury Vapor	1000	378	26.35	(I)
Sodium Vapor	100	42	9.14	(I)
Sodium Vapor	150	63	10.59	(I)
Sodium Vapor	250	105	14.36	(I)
Sodium Vapor	400	165	18.41	(I)
Sodium Vapor	1000	385	39.83	(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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ISSUED BY \_\_\_\_\_  
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TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6A

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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

Original SHEET NO. 6A

**RATES AND CHARGES**

**CABLE TELEVISION ATTACHMENT TARIFF**

**APPLICABILITY:**

In all territory served by the company on poles owned and used by the company for their electric plant.

**AVAILABILITY:**

To all qualified CATV operators having the right to receive service.

**RENTAL CHARGE:**

The yearly rental charges shall be as follows:

Two-party pole attachment	\$4.02	(I)
Three-party pole attachment	\$3.53	(I)
Two-party anchor attachment	\$6.20	(I)
Three-party anchor attachment	\$4.09	(I)
Two-party anchor	\$0.30	(N)
Three-party anchor	\$0.19	(N)

**BILLING:**

Rental charges shall be billed yearly, in advance, based on the number of pole attachments. The rental charges are net, the gross being 5 percent higher. In the event the current monthly bill is not paid within thirty (30) days from the date of the bill, the gross rate shall apply. [R}

DATE OF ISSUE January 12, 2009  
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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6B

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>Note: Discount or penalty must apply to all electric consumers, but shall apply to advance billing only if given at least thirty (30) days before the late penalty takes effect.</p> <p><u>SPECIFICATIONS:</u></p> <p>A. The attachment to poles covered by this tariff shall at all times conform to the requirements of the National Electrical Safety Code, 1981 Edition, and subsequent revisions thereof, except where the lawful requirements of public authorities may be more stringent, in which case the latter will govern.</p> <p>B. The strength of poles covered by this agreement shall be sufficient to withstand the transverse and vertical load imposed upon them under the storm loading of the National Electrical Safety Code assumed for the area in which they are located.</p> <p><u>ESTABLISHING POLE USE:</u></p> <p>A. Before the CATV operators shall make use of any of the poles of the Cooperative under this tariff, they shall notify the Cooperative of their intent in writing and shall comply with the procedures established by the Cooperative. The CATV operator shall furnish the Cooperative detailed construction plans and drawings for each pole line, together with necessary maps, indicating specifically the poles of the Cooperative, the number and character of the attachments to be placed on such poles, and rearrangements of the Cooperative's fixtures and equipment necessary for the attachment, any relocation or replacements of existing poles, and any additional poles that CATV intends to install.</p> <p>The Cooperative shall, on the basis of such detailed construction plans and drawings, submit to the CATV operators a cost estimate (including overhead and less salvage value of materials) of all changes that may be required in each such pole line. Upon written notice by the CATV operators to the Cooperative that the cost estimate is approved, the Cooperative shall proceed with the necessary changes in pole lines covered by cost</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5:011, SECTION 9(1) BY: <i>Jordan &amp; Keel</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J.B. Ballouay* TITLE General Manager

Name of Officer

Issued by Authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982.

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6C

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>estimate.</p> <p>Upon completion of all changes, the CATV operators shall have the right hereunder to make attachments in accordance with the terms of the application of this tariff. The CATV operators shall, at their own expense, make attachments in such manner as not to interfere with the service of the Cooperative.</p> <p>B. Upon completion of all changes, the CATV operators shall pay to the Cooperative the actual cost (including overhead and less salvage value of materials) of making such changes. The obligations of the CATV operators hereunder shall not be limited to amounts shown on estimates made by the Cooperative hereunder. An itemized statement of the actual cost of all such changes shall be submitted by the Cooperative to the CATV operators, in a form mutually agreed upon.</p> <p>C. Any reclearing of existing rights-of-way and any tree trimming necessary for the establishment of pole line attachments hereunder shall be performed by the CATV operators.</p> <p>D. All poles to which attachments have been made under this tariff shall remain the property of the Cooperative, and any payments made by the CATV operators for changes in pole line under this tariff shall not be a lien of the CATV operator to the ownership of any of said poles.</p> <p>E. Any charges necessary for correction of substandard installation made by the CATV operators where notice of intent had not been requested, shall be billed at rate equal to twice the charges that would have been imposed if the attachment had been properly authorized.</p> <p><u>EASEMENTS AND RIGHTS-OF-WAY:</u></p> <p>A. The Cooperative does not warrant nor assure to the CATV operators any rights-of-way privileges or easements, and if the CATV operators shall at any time be prevented from placing or maintaining its attachments on the Cooperative's poles, no liability on account thereof shall attach to the</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: <i>Jordan C. Niel</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY J. B. Ballouay TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982.

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6D

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_  
SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>Cooperative. Each party shall be responsible for obtaining its own easements and rights-of-way.</p> <p><u>MAINTENANCE OF POLES, ATTACHMENTS AND OPERATION:</u></p> <p>A. Whenever right-of-way considerations or public regulations make relocation of a pole, or poles necessary, such relocation shall be made by the Cooperative at its own expense, except that each party shall bear the cost of transferring its own attachments.</p> <p>B. Whenever it is necessary to replace or relocate an attachment, the Cooperative shall, before making such replacement or relocation, give forty-eight (48) hours notice (except in cases of emergency) to the CATV operators, specifying in said notice the time of such proposed replacement or relocation, and the CATV operators shall, at the time so specified, transfer its attachments to the new or relocated pole. Should the CATV operators fail to transfer its attachments to the new or relocated pole at the time specified for such transfer of attachments, the Cooperative may elect to do such work and the CATV operators shall pay the Cooperative the cost thereof.</p> <p>C. Any existing attachment of CATV which does not conform to the specifications as set out in this tariff hereof shall be brought into conformity therewith as soon as practical. The Cooperative, because of the importance of its service, reserves the right to inspect each new installation of the CATV operator on its poles and in the vicinity of its lines or appurtenances. Such inspection, made or not, shall not operate to relieve the CATV operators of any responsibility, obligations or liability assumed under the tariff.</p> <p>D. The Cooperative reserves to itself, its successor and assigns, the right to maintain its poles and to operate its facilities thereon in such manner as will, in its own judgement, best enable it to fulfill its own service requirements. The Cooperative shall not be liable to the CATV operators for any interruption of service of CATV operator or for inter-</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE JAN. 1 1984 PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: <i>Jordan C. Neal</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY J. J. Hallaway TITLE General Manager  
Name of Officer

Issued by Authority of an Order of the Public Service Commission of Ky. in  
Case No. 8090 dated September 17, 1982

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6E

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>ference with the operation of the cables, wires and appliances of the CATV operators arising in any manner out of the use of the Cooperative's poles hereunder.</p> <p>The Cooperative shall exercise reasonable care to avoid damaging the facilities of the CATV operator, make an immediate report to the CATV operator of the occurrence of any such damage caused by its employees, agents or contractors, and, except for removal for non-payment or for failure to post or maintain the required "Performance Bond," agrees to reimburse the CATV operator for all reasonable cost incurred by the CATV operator for the physical repair of facilities damaged by the negligence of the Cooperative.</p> <p><u>INSPECTIONS:</u></p> <p>A. <u>Periodic Inspection:</u> Any unauthorized or unreported attachment by CATV operator will be billed at a rate of two times the amount equal to the rate that would have been due had the installation been made the day <del>last</del> <sup>PUBLIC SERVICE COMMISSION OF KENTUCKY</sup> last previously required inspection.</p> <p>B. <u>Make-Ready Inspection:</u> Any "make-ready" inspection or "walk-through" inspection required of the Cooperative will be paid for by the CATV operators at a rate equal to the Cooperative's actual expenses, plus appropriate overhead charges.</p> <p><u>INSURANCE OR BOND:</u></p> <p>A. The CATV operator agrees to defend, indemnify and save harmless the Cooperative from any and all damage, loss, claim, demand, suit, liability, penalty or forfeiture of every kind and nature, including, but not limited to, costs and expenses of defending against the same and payment of any settlement or judgment therefor, by reason of (a) injuries or deaths to persons, (b) damages to or destruction of properties, (c) pollutions, contaminations of or other adverse effects on the environment or (d) violations of governmental laws, regulations or orders whether suffered directly by the Cooperative itself, or indirectly by reason of claims, demands or suits against it by third parties, resulting or alleged to have</p>	<p>EFFECTIVE</p> <p>1 1984</p> <p>PURSUANT TO 807 KAR 5:011, SECTION 9(1)</p> <p>BY: <i>Jordan C. Neal</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J.P. Balloway* TITLE General Manager

Issued by Authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982.

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6F

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

Original SHEET NO. 6F

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**CABLE TELEVISION ATTACHMENT TARIFF**

Resulted from acts or omissions of the CATV operator, its employees, agents, or other representatives or from their presence on the premises of the Cooperative, either solely or in concurrence with any alleged joint negligence of the Cooperative. The Cooperative shall be liable for sole active negligence.

B. The CATV operators will provide coverage from a company authorized to do business in the Commonwealth of Kentucky:

1. Protection for its employees to the extent required by Workmen's Compensation Law of Kentucky.
2. Public liability insurance with a minimum aggregate amount of \$2,000,000 (\$2 Million) and \$1,000,000 (\$1 Million) for each occurrence involving injury or death of persons and/or damage or destruction of property or statutory public liability insurance limits set by the State of Kentucky if greater. (C)

Before beginning operations under this tariff, the CATV operators shall cause to be furnished to the Cooperative a certificate for such coverage, evidencing the existence of such coverage. Each policy required hereunder shall contain a contractual endorsement written as follows:

"The insurance or bond provided herein shall also be for the benefit of Farmers Rural Electric Cooperative Corporation, so as to guarantee, within the coverage limits, the performance by the insured of any indemnity agreement set forth in this tariff. This insurance or bond may not be cancelled for any cause without thirty (30) days advance notice being first given to Farmers Rural Electric Cooperative Corporation."

**CHANGE OF USE PROVISION:**

A. When the Cooperative subsequently requires a change in its poles or

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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6G

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT PUBLIC SERVICE COMMISSION
<p>attachment for reasons unrelated to CATV operations, the CATV operator shall be given forty-eight (48) hours notice of the proposed change (except in case of emergency). If the CATV operator is unable or unwilling to meet the Cooperative's time schedule for such changes, the Cooperative may do the work and charge the CATV operator its reasonable cost for performing the change of CATV attachments.</p>	<p>OF KENTUCKY EFFECTIVE JAN 1 1984 PURSUANT TO 807 KAR 5:011, SECTION 9(1)</p>
<p><u>ABANDONMENT:</u></p>	<p>BY: <i>Jordan C. Reed</i></p>
<p>A. If the Cooperative desires at any time to abandon any pole to which CATV operator has attachments, it shall give the CATV operator notice in writing to that effect at least thirty (30) days prior to the date on which it intends to abandon such pole. If, at the expiration of said period, the Cooperative shall have no attachments on such pole, but the CATV operator shall not have removed all of its attachments therefrom, such pole shall thereupon become the property of the CATV operator, and the CATV operator shall save harmless the Cooperative from all obligation, liability, damages, cost, expenses or charges incurred thereafter; and shall pay the Cooperative for such pole an amount equal to the Cooperative's depreciated cost thereof. The Cooperative shall further evidence transfer to the CATV operator of title to the pole by means of a bill of sale.</p>	
<p>B. The CATV operator may at any time abandon the use of the attached pole by giving due notice thereof in writing to the Cooperative and by removing therefrom any and all attachments it may have thereon. The CATV operator shall in such case pay to the Cooperative the full rental for said pole for the then current billing period.</p>	
<p><u>RIGHTS OF OTHERS:</u></p>	
<p>A. Upon notice from the Cooperative to the CATV operator that the use of any pole or poles is forbidden by municipal or other public authorities or by property owners, the permit governing the use of such pole or poles shall immediately terminate and the CATV operator shall remove its facilities from the affected pole or poles at once. No refund of any</p>	

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J. B. Ballaway* TITLE General Manager

Issued by Authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6H

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
CABLE TELEVISION ATTACHMENT TARIFF	RATE PER UNIT
<p>rental will be due on account of any removal resulting from such forbidden use.</p> <p><u>PAYMENT OF TAXES:</u></p> <p>Each party shall pay all taxes and assessments lawfully levied on its own property upon said attached poles, and the taxes and the assessments which are levied on said property shall be paid by the owner thereof, but any tax fee, or charge levied on the Cooperative's poles solely because of their use by the CATV operator shall be paid by the CATV operator</p> <p><u>BOND OR DEPOSITOR PERFORMANCE:</u></p> <p>A. The CATV operators shall furnish bond or satisfactory evidence of contractual insurance coverage for the purposes hereinafter specified in the amount of Twenty-five Thousand Dollars (\$25,000.00) until such time as the CATV operator shall occupy twenty-five hundred (2500) poles of the Cooperative and thereafter the amount thereof shall be increased to increments of One Thousand Dollars (\$1,000.00) for each one hundred (100) poles (or fraction thereof) occupied by the CATV operator, evidence of which shall be presented to the Cooperative fifteen (15) days prior to beginning construction. Such bond or insurance shall contain the provision that it shall not be terminated prior to six (6) months after receipt by the Cooperative of written notice of the desire of the Bonding or Insurance Company to terminate such bond or insurance. Upon receipt of such notice, the Cooperative shall request the CATV operator to immediately remove its cables, wires, and all other facilities from all poles of the Cooperative. If the CATV operator should fail to complete the removal of all its facilities from the poles of the Cooperative within thirty (30) days after receipt of such request from the Cooperative, then the Cooperative shall have the right to remove them at the cost and expense of the CATV operator and without being liable for any damage to the CATV operator's wires, cables, fixtures, or appurtenances. Such bond or insurance shall guarantee the payment of any sums which may become due to the Cooperative for rentals, inspections or work performed for the benefit to the CATV operator under this tariff, including the removal of</p>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY</p> <p>EFFECTIVE 1/1/84</p> <p>SUBSQUANT TO 807 KAR 5:011, SECTION 9 (1)</p> <p>BY: <i>Jordan C. Keel</i></p>

DATE OF ISSUE December 30, 1983 DATE EFFECTIVE January 1, 1984

ISSUED BY *J. Bellaway* TITLE General Manager

Issued by Name of Officer authority of an Order of the Public Service Commission of Ky. in Case No. 8090 dated September 17, 1982

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6I

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

Original SHEET NO. 6I

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

**CABLE TELEVISION ATTACHMENT TARIFF**

attachments upon termination of service by any of its provisions.

- B. After the CATV operator has been a customer of the Cooperative and not in default for a period of two years, the Cooperative shall reduce the bond by 50% or, at the Cooperative's option, require a deposit in keeping with 807 KAR 5:006, Section 7.

**USE OF ANCHORS:**

The Cooperative reserves the right to prohibit the use of any existing anchors by CATV operator where the strength or conditions of said anchors cannot be readily identified by visual inspection.

**DISCONTINUANCE OF SERVICE:**

The Cooperative may refuse or discontinue serving an applicant or customer under the conditions set out in 807 KAR 5:006 Sec. 11 (1).

**EXHIBIT A**

**DEVELOPMENT OF RENTAL CHARGES**

- 1. Equation – Annual Charge – Two-Party Pole

Annual Charge = (Average embedded cost 35' and under poles plus 40' and 45' poles - \$12.50) X annual carrying charge factor X .1224

Two-Party Charge - \$196.00 - 0\* X .1972 X .1224 = \$4.02 (I)

- 2. Equation – Annual Charge – Three-Party Pole

Annual Charge = (Average embedded cost 40' and 45' poles - \$12.50) X annual carrying charge factor X .0759

DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6J

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

Original SHEET NO. 6J

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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CABLE TELEVISION ATTACHMENT TARIFF

Three-Party Charge =  $\$277.29 - 0 * X 0.1972 X 0.0759 = \$3.53$  (I)

3. Equation - Annual Charge - Two-User Anchor Attachment

Annual Charge - embedded cost of anchors X annual carrying charge factor X 0.50

Two-Party Charge =  $\$62.92 X 0.1972 X 0.50 = 6.20$  (I)

4. Equation - Annual Charge - Three-User Anchor Attachment

Annual Charge = embedded cost of anchors X Annual carrying charge factor X 33 1/3

Three-Party Charge =  $\$62.92 X 0.1972 X 0.3333 = \$4.09$  (I)

\* Ground wires are not included with poles at Farmers R.E.C.C.

EXHIBIT B

DEVELOPMENT OF ANNUAL CARRYING CHARGE

Fixed Charges on Investment from PSC Annual Report (12/31/82)

1. Operation and Maintenance Expense	\$	3,068,933
Line No. 53, Page 14		
2. Consumer Accounts Expense		1,040,265
Line No. 8, Page 15		
3. Customer Service and Informational Expense		283,693
Line No. 14, Page 15		
4. Administrative and General Expense		1,612,818
Line No. 35, Page 15		

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DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6K

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

Original SHEET NO. 6K

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RATES AND CHARGES**

CABLE TELEVISION ATTACHMENT TARIFF

5. Depreciation Expense	\$	1,867,901	
Line No. 28, Page 13			
6. Taxes Other than Income Taxes		<u>432,131</u>	
Line No. 30, Page 13			
Sub-total	\$	<u>8,305,741</u>	
Divided by Line 2, Page 1	\$	62,526,000	13.28%
7. "Cost of Money"			
Rate of Return on Investment			
Allowed in the last General			
Rate Increase, Case No. 8438			
Effective 6/1/82		8.53%	
8. Net Plant Ratio Adjustment:			
Distribution Plant		<u>57,121,645</u>	
Accumulated Depreciation		14,011,008	24.5%
Rate of Return (times 1 minus reserve ratio)			<u>6.44%</u>
Annual Carrying Charges			19.72%

Note: All line numbers and page numbers referred to above are per the 12/31/2007 PSC Annual Report.

DATE OF ISSUE Januar 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

10<sup>th</sup> Revised SHEET NO. 6L

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

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

9<sup>th</sup> Revised SHEET NO. 6L

**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 \$0.04612 per rated kWh per month (I) as determined from Table I below:

**TABLE I**

Type of Lamp	Lamp Size		Rated kWh
	Watts	Lumens	
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.

DATE OF ISSUE July 25, 2007  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning August 1, 2007  
Month / Date / Year

ISSUED BY H. Wayne Jais  
(Signature of Officer)

TITLE Acting President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2006-00515 Dated July 25, 2007

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**  
EFFECTIVE  
8/1/2007  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6M

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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

Original SHEET NO. 6M

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**RATES AND CHARGES**

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CLASSIFICATION OF SERVICE  
STREET LIGHTING SERVICE - SCHEDULE SL

**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

**TERMS OF PAYMENT:** The above rates are net, the gross rates are 5% higher. If the current monthly bill is not paid by the 15<sup>th</sup> of the month following the meter reading date, the gross rates shall then apply. (T)

**LAMP REPLACEMENTS:** The Cooperative will bear the costs of normal repairs and replacements. In the event of loss or damage caused by vandalism to the Cooperative's facilities, the Cooperative will bear the costs of repairing or replacing said facilities once within any 12 month period. If the facilities are damaged again within said period, repairs or replacement will not be made unless the Consumer bears the costs.

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DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

15<sup>th</sup> Revised SHEET NO. 6N

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

14<sup>th</sup> 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	\$50.00	(N)
Kilowatt Demand Charge:	\$6.86 per kW	(I)
Energy Charge:		
All	kWh @ \$0.05897 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.

DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 60

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

Original SHEET NO. 60

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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

POWER FACTOR ADJUSTMENT:

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of maximum demand is less than 90%, the demand for billing purposes shall be the demand as indicated or recorded by the demand meter multiplied by 90% and divided by the percent power factor. (I)

MINIMUM MONTHLY CHARGE:

The minimum monthly charge for service shall be \$50.00, or 75¢ per KVA of installed transformer capacity, or the minimum monthly charge stated in the service contract whichever is greater. Where it is necessary (I) to extend or re-enforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities. Where the minimum charge is increased in accordance with the terms of this section, additional energy shall be included in accordance with the foregoing rate schedule.

SERVICE AT PRIMARY VOLTAGE:

If service is furnished at primary distribution voltage, a discount of 10% shall apply to both energy and demand charges. However, service may be metered at secondary voltage and adjusted to primary metering by adding the estimated transformer losses to the metered kilowatt hours.

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DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6P

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

Original SHEET NO. 6P

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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

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

TERMS OF PAYMENT:

The above rates are net, the gross rates are 5% higher. If the current monthly bill is not paid by the 15<sup>th</sup> of the month following the meter reading date, the gross rates shall then apply. No delayed payment charges shall be applicable to schools, churches and community buildings. (7)

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DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

12<sup>th</sup> Revised SHEET NO. 60

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

11<sup>th</sup> 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:

Consumer Charge:	\$1,100.00 per Month	(I)
Demand Charge:	6.86 per kW	(I)
Energy Charge:	0.04587 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: (T)

MONTHS

HOURS APPLICABLE FOR  
DEMAND BILLING - EST

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.

DATE OF ISSUE January 12, 2009

Month / Date / Year

DATE EFFECTIVE February 12, 2008

Month / Date / Year

ISSUED BY \_\_\_\_\_

(Signature of Officer)

TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_



Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6R

FARMERS RURAL ELECTRIC COOP. CORP.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
SCHEDULE E - LARGE INDUSTRIAL RATE	RATE PER UNIT
<p><u>MINIMUM MONTHLY CHARGE:</u> The minimum monthly charge shall not be less than the sum of (a), (b), and (c) below:</p> <ul style="list-style-type: none"> <li>(a) The product of the billing demand multiplied by the demand charge, plus</li> <li>(b) The product of the billing demand multiplied by 425 hours and the energy charge per KWH, plus</li> <li>(c) The consumer charge</li> </ul> <p><u>POWER FACTOR ADJUSTMENT:</u> The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of monthly maximum demand is less than 90%, the demand will be adjusted by multiplying the actual monthly maximum demand by 90% and dividing this product by the actual power factor at the time of the monthly maximum demand.</p> <p><u>FUEL ADJUSTMENT CLAUSE:</u> 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% 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.</p>	<p>PUBLIC SERVICE COMMISSION COMMONWEALTH OF KENTUCKY EFFECTIVE MAY 01 1987 PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: <i>J. Deoghegan</i></p>

DATE OF ISSUE June 5, 1987 DATE EFFECTIVE May 1, 1987

ISSUED BY *J. Holloway* TITLE General Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 9921 dated May 20, 1987

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6S

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

Original SHEET NO. 6S

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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CLASSIFICATION OF SERVICE  
SCHEDULE E - LARGE INDUSTRIAL RATE

SPECIAL PROVISIONS:

1. If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole lines, and other equipment on the load side of the delivery point shall be owned and maintained by the consumer.
2. If service is furnished at Seller's primary line voltage, the delivery point shall be the point of attachment of Seller's primary line to consumer's transformer structure unless otherwise specified in the contract for service. All wiring, pole lines, and other equipment, except metering equipment, on the load side of the delivery point shall be owned and maintained by the consumer.

TERMS OF PAYMENT:

The above rates are net, the gross being 5% higher. In the event the current monthly bill is not paid by the 15<sup>th</sup> of the month, the gross shall apply. (I)

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DATE OF ISSUE January 12, 2009

Month / Date / Year

DATE EFFECTIVE February 12, 2009

Month / Date / Year

ISSUED BY \_\_\_\_\_

(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

13<sup>th</sup> Revised SHEET NO. 6T

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

12<sup>th</sup> 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. (T)

Other power and energy furnished will be billed under Schedule R

RATES:

Energy Charge: \$0.04980 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.

DATE OF ISSUE January 12, 2009

Month / Date / Year

DATE EFFECTIVE February 12, 2009

Month / Date / Year

ISSUED BY \_\_\_\_\_

(Signature of Officer)

TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6U

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

Original SHEET NO. 6U

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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Schedule RM – Residential Off-Peak Marketing

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% 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.

TERMS OF PAYMENT:

The above rates are net, the gross rates are 5 percent higher. If the current monthly bill is (T) not paid by the due date, the gross rates shall then apply. No delayed payment charge shall be applicable to schools, churches, and community buildings.

TERMS AND CONDITIONS:

Schedule RM – Residential Off-Peak Marketing Rate applies only to programs which are expressly approved by the Kentucky Public Service Commission to be offered under the Marketing Rate of East Kentucky Power's Rate Schedule A.

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DATE OF ISSUE March 17, 2005  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning July 1, 2005  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2004-00372 DATED March 17, 2005

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

13<sup>th</sup> Revised SHEET NO. 6V

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

12<sup>th</sup> 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. (T)  
Other power and energy furnished will be billed under Schedule C-1.

RATES:

Energy Charge: \$0.04643 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.

DATE OF ISSUE January 12, 2009

Month / Date / Year

DATE EFFECTIVE February 12, 2009

Month / Date / Year

ISSUED BY \_\_\_\_\_

(Signature of Officer)

TITLE President & CEO

Issued by authority of an Order of the Public Service Commission of Kentucky in  
Case No. \_\_\_\_\_ Dated \_\_\_\_\_

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6W

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

Original SHEET NO. 6W

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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CLASSIFICATION OF SERVICE  
SCHEDULE CM - SMALL COMMERCIAL OFF-PEAK MARKETING

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

TERMS OF PAYMENT:

The above rates are net, the gross rates are 5% higher. If the current monthly bill is not paid by the 15<sup>th</sup> of the month following the meter reading date, the gross rates shall then apply. No delayed payment charges shall be applicable to schools, churches and community buildings. (T)

TERMS AND CONDITIONS:

Schedule CM – Small Commercial Off-Peak Marketing Rate applies only to programs which are expressly approved by the Kentucky Public Service Commission to be offered under Marketing Rate of East Kentucky Power's Wholesale Power Rate Schedule A.

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DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6X

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE	
OFF-PEAK ELECTRIC THERMAL STORAGE HEATING CONTRACT (Appendix D)	RATE PER UNIT
<p>This agreement made and entered into between FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called FRECC) and _____</p> <p>_____ (hereinafter called "MEMBER", whether singular or plural).</p>	
<p>WITNESSETH:</p> <p>That in consideration of the mutual promises and covenants hereinafter set forth, the parties agree as follows:</p> <ol style="list-style-type: none"> <li>In order to qualify for the ETS rate, Member shall purchase and install an electric thermal storage heating unit(s), (hereinafter called ETS Unit(s)).</li> <li>Member may purchase ETS Unit(s) from FRECC or from other sources, but must comply with the special metering and wiring specifications set forth by FRECC before the special discounted electric rate can be granted. FRECC or an approved electrician will perform necessary modifications or replacement of existing house wiring at Member's request and at Member's expense. An inspection by a Certified Electrical Inspector will be required for such wiring changes performed by other licensed electricians solely for the purpose of certifying conformance with the abovementioned specifications.</li> </ol> <p>All modifications, additions, or replacement to existing wiring and equipment done by FRECC employees or an approved electrician will be done in accordance with safety standards as outlined in the "National Electric Code."</p> <ol style="list-style-type: none"> <li>After installation of the unit(s), FRECC guarantees a minimum of ten (10) hours off-peak storage availability per day during the</li> </ol>	<p>PUBLIC SERVICE COMMISSION OF KENTUCKY</p> <p>1989</p> <p>APR 10 1989</p> <p>SECTION 1</p> <p>BY: <i>[Signature]</i> DESIGN MANAGER</p>

DATE OF ISSUE August 15, 1989 DATE EFFECTIVE August 1, 1989

ISSUED BY Jackie B. Browning TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 89-158 dated August 1, 1989

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 6Y

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

Original SHEET NO. 6Y

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RATES AND CHARGES**

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CLASSIFICATION OF SERVICE

OFF-PEAK MARKETING ELECTRIC THERMAL STORAGE HEATING CONTRACT (Appendix D)

Seven (7) month heating season of October through April for ten (10) years from the date of installation.

4. FRECC further guarantees, subject to the approval of the Public Service Commission, that the rate for energy used by off-peak ETS unit(s) shall be discounted no less than forty percent (40%) below the lowest cost rate block for regular residential or small commercial services, as appropriate, and as modified and approved from time to time by the Public Service Commission, for ten (10) years from the date of installation (D)
5. Installed ETS unit(s) are considered permanent installations. Relocation of installed unit(s) inside or outside the home will void the free parts and service portion of the abovementioned warranty, unless the reinstallation is done by an ETS certified installer. It is recommended not to move heaters unless absolutely necessary.
6. Member agrees to participate in any electronic load control program initiated by FRECC that insures a minimum of ten (10) hours a day charging time for ETS unit(s).
7. The rate discount offered herein may be transferred or assigned to another member of FRECC who resides in, rents, leases, or purchases a residence equipped with approved ETS unit(s) providing such member abides by the terms of this contract and accompanying tariff.
8. FRECC retains the right to periodically inspect ETS unit(s) installations through its employees or representatives.

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DATE OF ISSUE January 12, 2009  
Month / Date / Year

DATE EFFECTIVE February 12, 2009  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

Original SHEET NO. 7

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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

**RATES AND CHARGES**

**SCHEDULE RRP – FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**  
**RENEWABLE RESOURCE POWER SERVICE**

**STANDARD RIDER:** This Renewable Resource Power Service is a rider to all currently applicable rate schedules. The purpose of this rider is to provide the consumer with a renewable source of energy that may be considered more environmentally friendly.

**APPLICABLE:** In all territory served by the Cooperative.

**AVAILABILITY:** This schedule shall be made available to any consumer in the following listed block amounts:

100kWh Block (Minimum Size) or Greater

AND where the consumer will contract with the Cooperative to purchase these blocks under this Retail Rider.

**AGREEMENT:** An "Agreement for Purchase of Renewable Resource Power" shall be executed by the consumer prior to service under this schedule.

**RATE:** The monthly rate for this service will be a renewable power premium, i.e. an added charge, for all renewable power supplied to the consumer. The renewable power rate premium will be as provided below:

\$0.0275 per kWh or \$2.75 per 100 kWh Block

This rate is an addition to the regular rate for power.

DATE OF ISSUE February 7, 2008

Month / Date / Year

DATE EFFECTIVE April 1, 2008

Month / Date / Year

ISSUED BY William J. Patton

(Signature of Officer)

TITLE President & CEO

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
4/1/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

Original SHEET NO. 7A

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

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

**RATES AND CHARGES**

BILLING AND MINIMUM CHARGE: Blocks of power contracted or under this tariff shall constitute the minimum amount of kWh the customer will be billed for during a normal billing period. For all power purchased in excess of the contracted Renewable Resource amount, the customer shall be billed at the normal rate for that class. For periods shorter than a normal monthly billing cycle (i.e. termination of service and final bill of a service) and actual kWh use is less than the contracted Renewable kWh amount, the customer shall pay for the full monthly block of kWh ordinarily contracted.

TERMS OF SERVICE AND PAYMENT: This rider tariff shall be subject to all other terms of service and payment of the applicable tariffs to which it is applied for each customer.

CONDITIONS OF SERVICE: The rate granted under this Retail Rider shall be supported by one (1) year contracts between the customer and the cooperative.

DATE OF ISSUE February 7, 2008  
Month / Date / Year

DATE EFFECTIVE April 1, 2008  
Month / Date / Year

ISSUED BY William J. Patton  
(Signature of Officer)

TITLE President & CEO

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
4/1/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Form for filing Rate Schedules

For All Counties Served  
Community, Town or City

P.S.C. No. 9

Original SHEET NO. 6Z

Farmers Rural Electric Coop. Corp.  
Name of Issuing Corporation

CANCELLING P.S.C. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

CLASSIFICATION OF SERVICE		RATE PER UNIT
OFF-PEAK ELECTRIC THERMAL STORAGE HEATING CONTRACT (Appendix D)		
<p>10. Discounted rates for ETS energy used are contingent upon modified wiring, equipment, and/or timing devices operating as specified by FRECC employees or representatives. In the event such operation is circumvented by causes other than negligence by authorized installers, or defects in material and/or equipment, a forty percent (40%) penalty above the last block of the regular residential or small commercial rates shall apply to all ETS energy used.</p> <p>11. FRECC, its employees or representatives shall not be held liable for any damages resulting from the use of ETS unit(s) and members shall indemnify, defend, and save FRECC harmless therefrom.</p>		
<p>This _____ day of _____, 19____.</p> <p>FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION</p> <p>By _____ (Employee/Representative)</p>		
<p>MEMBER:</p> <p>Membership # _____ Name: _____</p> <p>Map # _____</p> <p>Meter # _____ Address: _____</p> <p>Telephone: _____</p>		
		<p>PUBLIC SERVICE COMMISSION OF KENTUCKY</p> <p>AUG 01 1989</p> <p>PURSUANT TO SECTION 11, KRS 101.011, I HEREBY CERTIFY THAT THE ABOVE RATES ARE IN ACCORDANCE WITH THE PUBLIC SERVICE COMMISSION MANAGER</p>

DATE OF ISSUE August 15, 1989 DATE EFFECTIVE August 1, 1989

ISSUED BY Jackie B. Browning TITLE Manager  
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in Case No. 89-158 dated August 1, 1989.

FOR All Counties Served

P.S.C. Ky. No. 9

1st Revised Sheet No. 7

Farmers Rural Electric Coop. Corp.

Cancelling P.S.C. Ky. No. 9

Original Sheet No. 7

RULES AND REGULATIONS

1. SCOPE - This Schedule of Rules and Regulations is a part of all contracts for receiving electric service from the Cooperative and applies to all service received from the Cooperative whether the service received is based upon a contract, agreement, signed application, or otherwise. No employee or individual director of the Cooperative is permitted to make an exception to rates or Rules and Regulations. Rates and rules of service may be obtained from the Cooperative's office.
2. REVISIONS - These Rules and Regulations may be revised, amended, supplemented or otherwise changed from time to time without notice. Such changes, when effective, shall have the same force and effect as the present Rules and Regulations. The members shall be informed of any changes as soon as possible, after adoption by the Board of Directors, through the Cooperative's monthly newsletter.
3. CONSUMER'S RESPONSIBILITY FOR COOPERATIVE'S PROPERTY - All meters, service connections, and other equipment furnished by the Cooperative shall be, and remain, the property of the Cooperative. The member shall exercise proper care to protect the property of the Cooperative on its premises and, in the event of loss or damage to the Cooperative's property arising from neglect of member to care for same, the cost of necessary repairs or replacements shall be paid by the member.
4. CONTINUITY OF SERVICE - The Cooperative shall use reasonable diligence to provide a constant and uninterrupted supply of electric power and energy. However, if such supply shall fail or be interrupted or become defective through act of God, or public enemy, or by accidents, strikes, labor troubles, or by action of the elements, or inability to secure rights-of-way or other permits needed, or for any other cause beyond the reasonable control of the Cooperative, the Cooperative shall not be liable therefor.
5. RELOCATION OF LINES BY REQUEST OF MEMBERS - The Cooperative's established lines shall not be relocated unless the expense for moving and relocating is paid by the member, except in instances where it would be to the advantage of the Cooperative to make such relocation.
6. APPLICATION FOR SERVICE - Each prospective member desiring electric service shall be required to sign the Cooperative's "Application for Membership and Electric Service," before service is supplied by the Cooperative and provide the Cooperative with necessary easements or right-of-way permits.
7. MEMBERSHIP FEE - The membership fee as set forth in the By-Laws shall be twenty-five dollars (\$25). The membership fee may be refunded or applied to the final bill at the time service is discontinued, or it may

PUBLIC SERVICE COMMISSION  
 ORDER NO. 17  
 1/16/84  
 JORDAN C. NEEL  
 SECRETARY

DATE OF ISSUE February 14, 1984  
Month Day Year

DATE EFFECTIVE January 16, 1984  
Month Day Year

ISSUED BY J. B. Halloway  
Name of Officer

Manager Glasgow, Kentucky  
Title Address

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 8

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

Original SHEET NO. 8

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RULES AND REGULATIONS**

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of the member at the time service is discontinued. Service covered by each meter shall be billed separately.

8. RIGHT OF ACCESS – The Cooperative’s employees shall have access to member’s premises at all reasonable times for the purpose of reading meter, testing, repairing, removing, or exchanging any and all equipment belonging to the Cooperative.
9. MEMBER’S DISCONTINUANCE OF SERVICE - Any member desiring service discontinued or changed from one location to another shall give the Cooperative three (3) days notice in person or in writing, provided such notice does not violate contractual obligations.
10. SERVICE CHARGES – No charge will be made for the initial installation of service, or for a service replacing one which has been destroyed by fire, or if no trip is required. However, a service charge of \$30.00 will be made to a new occupant for the reconnecting or transferring of such service if trip is required. Service charge will be due and payable at time of connection or transfer or upon notice of said charge. Also, service calls made by the Cooperative pertaining to the consumer’s premises shall be charged for on an actual cost basis per call. No service calls shall be made and no service shall be connected or reconnected after working hours unless there exists circumstances that will justify the additional expense.  
(I)
11. TEMPORARY SERVICE – Temporary service may be supplied to circuses, carnivals, fairs, and services of a transient nature in accordance with the existing rate schedules of the Cooperative except that the consumer shall pay, in addition to the regular rates, the total cost of connecting and disconnecting service less the value of materials returned to stock. An advance deposit may be required of the full amount of the estimated bill for service, including the cost of connection and disconnection.
12. SERVICE TO CONSUMERS WHICH MAY BE OF SHORT DURATION – In cases of service to power the pumping of oil wells, the operation of oil fields, and any and all other types of consumer services which may be of short duration, the Cooperative must and shall protect its investments on same in the following manner:  
The consumer, at the time application is made for such service, shall pay a construction charge to the Cooperative, in each instance, an amount equal to the cost of construction and retirement, covering both material and labor involved, less salvage value on all material returned into stock. This charge may be refunded at the rate of twenty percent (20%) of the consumer’s monthly power bills thereafter.  
In case of a transfer of the lease or ownership on an oil well, or other property, the parties involved may make the necessary arrangements regarding the transfer of the charges and settlement of same.

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DATE OF ISSUE	<u>January 12, 2009</u> Month Day Year	DATE EFFECTIVE	<u>February 12, 2009</u> Month Day Year
ISSUED BY	<u>William T. Prather</u> Name of Officer	<u>President &amp; CEO</u> Title	<u>Glasgow, Kentucky</u> Address

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

2<sup>nd</sup> Revised SHEET NO. 9

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

1<sup>st</sup> Revised SHEET NO. 9

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RULES AND REGULATIONS**

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13. METER TESTS – All meters shall be checked for accuracy before installation. The Cooperative shall, at its own expense, make periodic tests and inspections of its meters in order to maintain a high standard of accuracy and to conform with the regulations of the Public Service Commission. However, the Cooperative has been granted a deviation from 807 KAR 5:041, section 17 (1) exempting it from the performance of meter tests at a 50 percent power factor load on any single-phase, self-contained residential electric meter, except new meters.

The Cooperative shall make additional tests of meters at the request of the member upon advance payment of forty dollars (\$40). Refunds on fast meters shall be made in accordance with PSC Rules and Regulations. See 807 KAR 5:006, sections 9 (5), 19 and 20. (I)

14. FAILURE OF METER TO REGISTER – In the event a member’s meter shall fail to register, the member shall be billed from the date of such failure at the average consumption of the member based on the three (3) month period immediately preceding the failure.

15. DISCONTINUANCE OF SERVICE BY COOPERATIVE – The Cooperative may refuse to connect or may discontinue service to a member for the violation of any of its rules and regulations. The Cooperative may discontinue service to a member for theft of current or for the appearance of current-theft devices found on the premises of the member. The discontinuance of service by the Cooperative for any cause stated in this rule does not release the member from his obligation for all bills due.

16. POINT OF DELIVERY – The point of delivery is the point designated by the Cooperative own member’s premises where current is to be metered. All wiring and equipment beyond this point of delivery shall be supplied and maintained by the member. The member shall, however, notify the Cooperative of any proposed changes in his equipment or wiring which will materially increase or decrease his load so the Cooperative may check its equipment for adequacy to accommodate the consumer’s requirements.

17. CONSUMERS’ WIRING - All wiring of the member must conform to Cooperative’s requirements and accepted modern standards. The member agrees to wire his premises in accordance with specifications at least equal to those prescribed by the National Electrical Code. The Cooperative, however, assumes no responsibility in respect to the type, standard of construction, protective equipment or the condition of the member’s property, and will not be liable for any loss or injury to persons or property occurring on the premises or property of the member.

DATE OF ISSUE

January 12, 2009  
Month Day Year

DATE EFFECTIVE

February 12, 2009  
Month Day Year

ISSUED BY

William T. Prather  
Name of Officer

President & CEO  
Title

Glasgow, Kentucky  
Address

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

3rd Revised SHEET NO. 10

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

2nd Revised SHEET NO. 10

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RULES AND REGULATIONS**

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The member agrees to operate and maintain its facilities so as not to interfere with the service of the Cooperative to its other members. The member will have complete responsibility for all construction, operation, and maintenance beyond the meter and will save the Cooperative harmless against liability for injury or damages resulting in any manner from construction, location, operation, or maintenance of the member's facilities.

18. ELECTRICAL INSPECTIONS – All consumers' wiring must conform to the requirements of the National Electrical Code and must be inspected and approved by a certified electrical inspector. The inspector, as mandated by KRS 198B, must issue a certificate of compliance prior to the connection of electric service.
  
19. METER READING – The Cooperative shall read each member's meter each month for the purpose of determining each account's usage of electricity for calculation of the monthly bill. Exceptions to the monthly reading will be allowed only for those meters which may be estimated without materially affecting the accuracy of recorded usage. Actual readings will be taken on estimated accounts at least quarterly.
  
20. CHARGE FOR SEASONAL, MOBILE HOMES, PUMPS, AND OTHER SERVICES – Consumers requiring service only during certain seasons, not exceeding 9 months per year, may guarantee a minimum annual payment of 12 times the minimum monthly charge determined in accordance with the rate applicable. In this case there shall be no minimum monthly charge. Payment of minimum annual charge shall entitle the consumer to the use of the corresponding number of kilowatt hours in accordance with the rate applicable.

Consumers requiring service to mobile homes and/or trailers and to pumps, barns, or services with low usage from all extensions of up to 150 feet from the nearest facility shall be made without charge.

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DATE OF ISSUE	<u>January 12, 2009</u> Month Day Year	DATE EFFECTIVE	<u>February 12, 2009</u> Month Day Year
ISSUED BY	<u>William T. Prather</u> Name of Officer	<u>President &amp; CEO</u> Title	<u>Glasgow, Kentucky</u> Address

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

3rd Revised SHEET NO. 11

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

2nd Revised SHEET NO. 11

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**RULES AND REGULATIONS**

Extensions greater than 150 feet from the nearest facility and up to 300 feet shall be made provided the customer shall pay the utility a "customer advance for construction" of \$50 in addition to any other charges required by the utility for all customers. This advance shall be refunded at the end of one year if the service to the location continues for that length of time.

For extensions greater than 300 feet and less than 1,000 feet from the nearest facility, the utility may charge an advance equal to the reasonable cost incurred by it for that portion of the service beyond 300 feet plus \$50. This advance shall be refunded to the customer over a four-year period in equal amounts for each year the service is continued. If the service is discontinued for a period of 60 days, or should the mobile home, etc. be removed and another not take its place within 60 days, or be replaced by a permanent structure, the remainder of the advance shall be forfeited. No refunds shall be made to any customer who did not make the advance originally.

For extensions over 1000 feet, the policy set forth in 807 KAR 5:041 electric, section 11, shall apply.

For extensions over 300 feet or 1000 feet shall be made on an "Estimated Average Cost" per foot of the total extension. If termination or meter pole is required, there will be a non-refundable charge for installing the pole.

21. CONSUMER BILLING AND COLLECTING POLICY – The Cooperative's billing period is on a monthly basis and shall be flexible so as to allow various billing cycles based upon the date of the monthly meter reading. Each month, the Cooperative shall render an electric service statement to each member for approximately thirty days of service. Final bills may be rendered as soon as possible after the service is disconnected. The member shall pay the net amount of the bill within 12 days of the date the bill was rendered. If payment is not received by the Cooperative within 12 days of the date the bill was rendered, the gross amount (as defined in the Rate Schedule) shall be due. The late payment penalty shall only be assessed one time for any bill rendered for services. Failure to receive the bill will not release the member from payment obligation.

Delinquent bill notices are to be sent out two (2) days after the due date of the original bill each month. Field collection or termination for non-payment shall be 10 days after mailing of the delinquent notice and at least twenty-seven days after the mailing of the original bill

- (I) A \$30 fee is to be collected on first call and on all subsequent calls for purposes of collecting delinquent accounts during regular working hours. Seventy dollars (\$70.00) will be collected for trips made other than during regular working hours.

No consumer is to be reconnected at any location without first having paid all previous indebtedness to the Cooperative. Service to a consumer is not to be connected in another name in order to avoid payment of an unpaid bill.

- (I) A service charge of \$30.00 shall be applied to each reconnect requiring a trip.

DATE OF ISSUE	January 12, 2009 Month Day Year	DATE EFFECTIVE	February 12, 2009 Month Day Year
ISSUED BY	William T. Prather Name of Officer	President & CEO Title	Glasgow, Kentucky Address



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

1<sup>st</sup> Revised SHEET NO. 13

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

Original SHEET NO. 13

**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

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**RULES AND REGULATIONS**

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Reminder letter or invoice statement to be issued 15 days after final bill is rendered to unpaid accounts of disconnected consumers.

- (T) Periodically, all delinquent accounts are to be turned over to an attorney or competent collecting agency for further proceedings, provided such amount exceeds the membership fee and consumer deposit.
- (I) A \$25.00 fee is to be collected when checks are returned from bank marked "Insufficient Funds." The drawer of said check is to be notified by letter and his service placed on the cut-off list, along with other delinquent accounts and handled in the same manner as outlined above.

All consumers are to be members of the Cooperative. Cases of failure to pay membership fee shall be treated in the same manner as outlined above on delinquent accounts.

A deposit or suitable guarantee not exceeding two-twelfths (2/12) of the estimated annual bill may be required of any member or customer before electric service is supplied. These deposits shall accrue interest at 6% per annum. Upon termination of service, the deposit and accrued interest may be applied against unpaid bills and the remainder of such balance shall be paid to the consumer.

A budget billing plan is available to consumers who desire it. The estimated amount of twelve-months usage will be determined by the Cooperative with the budget payments being 1/12 of this amount. Any difference between the amount paid and the amount owed during the twelve-month period will be adjusted by adding or crediting the difference on the regular electric service bill payable July 1. The budget payment plan will continue from year to year unless terminated by either party giving a one-month notice to the other. Payments shall be adjusted each year as near to expected billing as possible. The budget billing plan may be terminated at any time the consumer's bill becomes delinquent.

**22. UNDERGROUND DISTRIBUTION FACILITIES TO A RESIDENTIAL SUBDIVISION**

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DATE OF ISSUE	January 12, 2009 Month Day Year	DATE EFFECTIVE	February 12, 2009 Month Day Year
ISSUED BY	William T. Prather Name of Officer	President & CEO Title	Glasgow, Kentucky Address

FOR All Counties Served

P.S.C. Ky. No. 9

1st Revised Sheet No. 13

Farmers Rural Electric Coop. Corp.

Cancelling P.S.C. Ky. No. 9

Original Sheet No. 13

RULES AND REGULATIONS

The Cooperative will install underground distribution facilities to a residential subdivision under the following conditions:

1. The subdivision being developed must consist of a tract of land which is divided into ten (10) or more lots for the construction of new residential buildings or the land on which is constructed two (2) or more new multiple occupancy buildings (refer to PSC Electric Rules, 807 KAR 5:041, Section 21, for definitions of terms).
2. Prior to installation, the owner/developer shall pay the Cooperative for the total cost of all facilities (underground or overhead) installed in subdivision. Later, the Cooperative shall refund to the owner/developer the equivalent cost of overhead facilities when a permanent year-around residence is connected. The refund shall be on an average cost per lot basis.
3. The Cooperative will construct underground distribution facilities in the subdivision adequate to render single-phase 120/240 volt service.
4. Three-phase primary mains or feeders required within a subdivision to supply local distribution or to serve individual three-phase loads may be overhead unless underground is required by governmental authorities or chosen by applicant, in either of which case the differential cost of underground shall be borne by the applicant.
5. Developer or successor in title shall grant a right-of-way satisfactory to the Cooperative for the installation, operation and maintenance of its facilities.
6. If developer provides the secondary service lines to the residence from service pedestal located on easement, the Cooperative shall credit the applicant fifty dollars (\$50.00) or the equivalent cost of an overhead service line to the applicant's meter base, whichever is greater. Service lines to house (provided by developer) shall be installed and ready for inspection at the same time as the residence. Trench is to be left open until inspection has been made.

If the Cooperative provides secondary service lines, applicant shall pay the "estimated average cost differential" between overhead and underground service.

7. For all developments that do not meet the conditions set forth in paragraph 1 above, underground distribution will be installed provided an advance to the Cooperative is made in an amount equal to the difference between the Cooperative's estimated cost of underground and overhead facilities.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
JAN 16 1984  
JORDAN NEEL

DATE OF ISSUE February 14, 1984  
Month Day Year

DATE EFFECTIVE January 16, 1984  
Month Day Year

ISSUED BY J.B. Galloway  
Name of Officer

Manager  
Title

Glasgow, Kentucky  
Address

FOR All Counties Served

P.S.C. Ky. No. 9

1st Revised Sheet No. 14

Farmers Rural Electric Coop. Corp.

Cancelling P.S.C. Ky. No. 9

Original Sheet No. 14

RULES AND REGULATIONS

- 8. The developer or owner of subdivision shall be required to perform all necessary trenching and backfilling in accordance with the Cooperative's specifications.
- (T) 9. See Exhibit A, "Average Cost Differentials," dated February 1, 1984, which is filed as an addendum to this regulation. This exhibit may be revised from time to time because of change in cost differentials.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 16 1984

PURSUANT TO 807 KAR 5:011,  
SECTION 9.11

*Jordan Cruel*

DATE OF ISSUE February 14, 1984  
Month Day Year

DATE EFFECTIVE January 16, 1984  
Month Day Year

ISSUED BY *J.B. Holcomb*  
Name of Officer

Manager  
Title

Glasgow, Kentucky  
Address

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original \_\_\_\_\_ SHEET NO. \_\_\_\_\_ 15 \_\_\_\_\_

CLASSIFICATION OF SERVICE

**RATES SCHEDULE NM – NET METERING**

APPLICABILITY

Net metering is available to customer-generators who own, operate and maintain electrical generating facilities using solar energy designed to operate in parallel with the existing Farmers RECC electrical distribution system and be primarily intended to offset part or all of the customer-generator's own electrical requirements.

AVAILABILITY OF NET METERING SERVICE

An eligible customer-generator must be a member of and take electrical service from Farmers RECC. Farmers RECC will make this service available to customer-generators on a first-come, first-served basis until the cumulative generating capacity of net metered systems reaches one tenth of one percent (0.1%) of the Cooperative's single hour peak load during the previous year.

SERVICE CONDITIONS (TYPE OF SERVICE)

- a. The generating facility shall comply with all of the following requirements:
  - i. The generating facility must have a rated capacity of not more that fifteen (15) kilowatts.
  - ii. The generating facility must be owned and operated by the customer.
  - iii. The generating facility must be located on the customer's premises.
  - iv. The generating facility must be designed and installed to operate in parallel with Farmers RECC's electrical distribution system without adversely affecting the quality of service of other customers and without presenting safety hazards to Cooperative customers and Cooperative employees and agents, thereof.
- b. Prior to interconnection, the customer-generator shall complete the Application for Net Energy Metering, execute an Interconnection Agreement for Net Metering Service, enter into a Customer Net Energy Service Agreement, and pay any applicable fees, charges or costs as prescribed within this tariff prior to interconnection with the Farmers RECC distribution system.

DATE OF ISSUE February 25, 2005


DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

<b>PUBLIC SERVICE COMMISSION OF KENTUCKY</b>	
<b>EFFECTIVE</b>	
<b>PURSUANT TO 807 KAR 5:011</b>	
<b>SECTION 5(4)</b>	
By 	Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original          SHEET NO. 16

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- c. Prior to interconnection, the customer-generator's electrical generating and interconnection equipment shall be installed in accordance with the manufacturer's specifications, shall have been tested by a nationally recognized testing laboratory as having met the testing requirements of IEEE Standard 1547, and shall meet all applicable safety and performance standards established in all applicable local and state building codes. Certification by a licensed electrician shall constitute acceptable proof that the customer-generator's electrical generating facility has been properly installed in accordance with above.
- d. The customer-generator is responsible for all equipment and installation costs associated with its electric generating facility and any modification costs to the facility that may be required by Farmers RECC for purposes of safety and reliability.
- e. When construction, modifications, or upgrades to the Farmers RECC distribution system are required to interconnect the customer-generator's electric generating facility, the customer-generator is responsible for all costs incurred by the Cooperative.
- f. The customer must provide and install a clearly labeled, Farmers RECC approved, lockable, visible-break, disconnect switch between the cooperative's distribution system and the customer-generator's electrical generating equipment. This disconnect switch must be accessible to the Cooperative at all times.
- g. Farmers RECC maintains the right to disconnect, without liability, the customer-generator for issues relating to safety and reliability.
- h. Farmers RECC maintains the right to verify proper installation and inspect the customer-generator's facilities to ensure continued safe operation of the electrical generating equipment and interconnection system at any time with reasonable advance notice to the customer-generator.
- i. Farmers RECC shall not be liable directly or indirectly for permitting or continuing to allow an attachment of a net metering facility, or for the acts or omissions of the customer-generator that cause loss or injury, including death, to any third party.

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TITLE PURSUANT TO 807 KAR 5:011

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO.          DATED         

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
4/1/2005  
PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 5(1)

By [Signature]  
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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EQUIPMENT OPERATION

The customer-generator's electrical generating and interconnection equipment shall comply with all applicable safety, performance, and power quality standards established by the Institute of Electrical and Electronic Engineers, the National Electrical Code, and the National Electrical Safety Code.

METERING

Net metered electricity shall be measured in accordance with standard metering practices established by Farmers RECC using metering equipment capable of measuring and recording energy flows, on a kWh basis, from the Cooperative to the customer-generator and from the customer-generator to the Cooperative, with each directional energy flow recorded independently. If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the customer-generator shall be metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place. If the customer generator's existing electrical meter is not capable of registering the flow of electricity in two directions, the customer shall be responsible for all expenses involved in purchasing and installing a meter (or meters) that is able to register electricity flow in two directions. All metering shall be capable of working with any automatic meter reading systems used by Farmers RECC.

BILLING AND PAYMENT

For charges collected on the basis of metered registration, Farmers RECC shall, for each monthly billing period, determine the net meter registration of the customer-generator by comparing the directional energy flow in each direction. If the net meter registration shows that the deliveries of energy in kWh from the customer-generator to the Cooperative exceed the deliveries of energy in kWh from the Cooperative to the customer-generator, the net meter registration in kWh will be carried forward to the next monthly billing period as a Net Metering Credit, expressed in kWh. If the customer-generator has carried over a Net Metering Credit from one or more prior months, the net meter registration from the current month shall be added to the Net Metering Credit that exists from prior months.

If the net metering registration shows that deliveries of energy in kWh from the Cooperative to the customer-generator exceed the deliveries of energy in kWh from the customer-generator to the Cooperative, the net meter registration in kWh will be carried forward to the next monthly billing period as a Net Metering Credit, expressed in kWh.

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TITLE President and CEO

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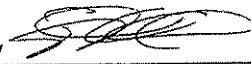
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**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**  
EFFECTIVE

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PURSUANT TO 807 KAR 5:011  
SECTION 9(1)

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By   
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

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generator to the Cooperative, the customer-generator shall pay the Cooperative for the net amount of energy delivered by the Cooperative after application of any Net Metering Credit carried forward from previous months at the rate applicable to its type or class of electric service.

The customer shall be responsible for payment of any applicable customer charge or other applicable charges.

At no time shall Farmers RECC be required to convert the Net Billing Credit to cash. If a customer-generator closes his account, no cash refund for residual Net Metering Credits shall be paid.

Net Metering Credits are not transferable between customers or locations.

LIABILITY INSURANCE

The customer-generator shall maintain general liability insurance coverage (through a homeowner's, commercial or other policy) against a loss arising from the use or operation of the customer-generator facilities with minimum limits of \$300,000 per occurrence/\$300,000 aggregate combined single limit for personal injury, bodily injury, including death and property damage. Prior to interconnection, the customer shall submit evidence of such insurance to Farmers RECC with the Application for Net Energy Metering. Farmers RECC's receipt of evidence of liability insurance does not imply an endorsement by the Cooperative of the terms and conditions of the coverage.

ADDITIONAL CONTROLS AND TESTS

Farmers RECC may install additional controls or meters, or conduct additional tests as it may deem necessary.

NET METERING SERVICE INTERCONNECTION REQUIREMENTS

All customer-generator equipment and installations must comply with the Farmers RECC's Technical Requirements for Interconnection, included as part of the Interconnection Agreement for Net Metering Service. The customer-generator's generating facility shall be designed and installed to operate in parallel with Farmers RECC's electric distribution system without adversely affecting the operation of equipment.

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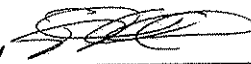
DATE EFFECTIVE 4/1/2005

ISSUED BY Jackie S. Downing

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO.          DATED         

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PURSUANT TO 807 KAR 5:011 President and CEO	
SECTION 5(4)	
By 	Executive Director

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and its customers and without presenting safety risks to Cooperative and customer personnel. The customer-generator will own and be responsible for operating the electrical generator and interconnection equipment. The customer-generator will be responsible for any damage done to the Cooperative's equipment due to a failure of the customer-generator's control, safety, or other equipment. The customer-generator will protect and save the Cooperative harmless from all claims for injury or damage to persons or property occurring on the customer-generator's premises, except where the said injury or damage can be shown to have been occasioned solely by negligence on the part of Farmers RECC.

APPLICATION AND AGREEMENTS

A customer-generator seeking to interconnect an Eligible Electric Generating Facility to the Company's distribution system must submit to the Company the following documents:

- a. Application for Net Energy Metering, completed and executed, including a one-line diagram showing the configuration of the customer-generator's facility;
- b. Interconnection Agreement for Net Metering Service, executed prior to interconnection; and,
- c. Customer Net Energy Service Agreement, executed prior to interconnection.

The Company may reject an application for demonstrable reliability or safety issues; however, the Company will work with the customer to resolve those issues to the extent practicable.

FEEES AND CHARGES

As specified in the Application for Net Energy Metering, the customer-generator must pay a *non-refundable application fee of \$50*. Should Farmers RECC determine that an interconnection impact study is required, the Cooperative will advise the customer of the cost of conducting the study. Upon payment by the customer for cost of the study, Farmers RECC will proceed with the interconnection impact study to determine if the installation of the customer's electric generating facility will have a significant impact on the Cooperative's distribution system or on the quality of service to other customers. Should construction or upgrades to East Kentucky Power Cooperative's transmission system or to Farmers RECC's distribution system be required in order to interconnect the customer's electric generating facility,

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TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO.          DATED         

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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SECTION 5(1)

By [Signature]  
Executive Director



FOR ENTIRE TERRITORY SERVED

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facility, additional charges to cover costs incurred by EKPC or Farmers RECC shall be determined by Farmers RECC and paid by the customer. The customer shall pay any additional charges, as determined by Farmers RECC, for equipment, labor, metering, testing, or inspections requested by the customer, or needed by the Cooperative to interconnect and receive power from the customer-generator's generating facility.

RULES AND REGULATIONS

Service and rates under this schedule are subject to all applicable Farmers RECC Rules and Regulations as filed with the Public Service Commission of Kentucky. The Rules and Regulations address general terms and conditions, service conditions, new service procedures, and miscellaneous service charges, and are a part of all contracts for receiving electric service from the Cooperative, whether the service received is based upon a contract, agreement, signed application, or otherwise.

TRANSFERABILITY

A customer-generator generating facility is transferable to other persons or service locations only after notification to Farmers RECC has been made and verification that the installation is in compliance with this tariff.

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ISSUED BY Jackie Browning

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO.          DATED         

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE April 1, 2005  
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By [Signature]  
Executive Director

FOR ENTIRE TERRITORY SERVED

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FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

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FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

Application for Net Energy Metering

This application should be completed as soon as possible and returned to the Cooperative Customer Service representative in order to begin processing the request.

This application is used by the Cooperative to determine the required equipment configuration for the Customer interface. Every effort should be made to supply as much information as possible.

OWNER/APPLICANT INFORMATION

Company:

Mailing Address:

City: County: State: Zip

Code:

Phone

Number: Representative:

Electric Account Number:

Service Location Address:

PROJECT DESIGN/ENGINEERING (as applicable)

Company:

Contact:

Mailing Address:

City: County: State: Zip

Code:

Phone Number:

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie Browning

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE PURSUANT TO 807 KAR 5:011 SECTION 9(1) By [Signature] Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

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FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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**CLASSIFICATION OF SERVICE**

**ELECTRICAL CONTRACTOR (as applicable)**

Company: \_\_\_\_\_

Contact: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip \_\_\_\_\_

Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_

**PV GENERATING SYSTEM**

Size \_\_\_\_\_ kW

Expected Start-Up Date \_\_\_\_\_

**INVERTER DATA (if applicable)**

Manufacturer: \_\_\_\_\_ Model: \_\_\_\_\_

Kilowatt Rating: \_\_\_\_\_ Kilovolt-Ampere Rating: \_\_\_\_\_

Rated Power Factor (%): \_\_\_\_\_ Rated Voltage (Volts): \_\_\_\_\_ Rated Amperes: \_\_\_\_\_

Note: Attach all available calculations, test reports, and oscillographic prints showing inverter output voltage and current waveforms.

**DESCRIPTION OF PROPOSED INSTALLATION AND OPERATION**

Give a general description of the proposed installation, including a detailed description of its planned location and when you plan to operate the generator.

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PUBLIC SERVICE COMMISSION OF KENTUCKY	
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SECTION 5(1)	
By <u>[Signature]</u>	Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 23

**CLASSIFICATION OF SERVICE**

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**ADDITIONAL INFORMATION**

*In addition to the items listed above, please attach a detailed one-line diagram of the proposed facility, all applicable elementary diagrams, major equipment, (generators, transformers, inverters, circuit breakers, protective relays, etc.) specifications, test reports, etc., and any other applicable drawings or documents necessary for the proper design of the interconnection. Also describe the project's address or grid coordinates.*

**INTERCONNECTION COMPLIANCE & OWNER ACKNOWLEDGEMENT**

- Customer shall be solely responsible for obtaining and complying with any and all necessary easements, licenses and permits, or exemptions, as may be required by any federal, state, local statutes, regulations, ordinances or other legal mandates.
- The customer shall submit documentation to the Cooperative that the system has been inspected and approved by the local permitting agency regarding electrical code requirements.
- Customer shall not commence parallel operation of the generating system until written approval of the interconnection has been given by the Cooperative.

DATE OF ISSUE February 25, 2005

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ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

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By [Signature]  
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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**CLASSIFICATION OF SERVICE**

**SIGN OFF AREA**

The customer agrees to provide the Cooperative with any additional information required to complete the interconnection. The customer shall operate his equipment within the guidelines set forth by the cooperative.

Applicant \_\_\_\_\_

Date \_\_\_\_\_

**ELECTRIC COOPERATIVE CONTACT FOR APPLICATION SUBMISSION AND FOR MORE INFORMATION:**

Cooperative contact: \_\_\_\_\_

Title: \_\_\_\_\_

Address: Farmers RECC

P.O. Box 1298

Glasgow, KY 42142

Phone: (270) 651-2191

Fax: (270) 651-7332

e-mail: \_\_\_\_\_

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie D. Browning

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE	
DATE OF ISSUE	DATE EFFECTIVE
<u>February 25, 2005</u>	<u>April 1, 2005</u>
PURSUANT TO 807 KAR 5:011 SECTION 5(1)	
ISSUED BY	TITLE
<u>Jackie D. Browning</u>	<u>President and CEO</u>
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	
IN CASE NO.	DATED
_____	_____
By <u>[Signature]</u> Executive Director	

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Community, Town or City

P.S.C. KY. NO. 9

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 25

CLASSIFICATION OF SERVICE

**Interconnection Agreement for  
Net Metering Service  
Attachment to Cooperative Net Metering Tariff  
for  
Net Metering Service**

This agreement is between \_\_\_\_\_ (Customer-Generator) and  
Farmers Rural Electric Cooperative Corporation (Cooperative) and is effective as of

Whereas, Customer-Generator owns or intends to install and own an electric energy generating  
facility ("Facility") qualifying for "Net Metering" in accordance with Cooperative's currently  
effective tariff as filed with the Kentucky Public Service Commission, to be located on Customer's  
premises located at \_\_\_\_\_  
for the purpose of generating electric energy; and

Whereas, Customer-Generator wishes to sell and Cooperative is willing to accept energy produced by  
the Facility onto its distribution system;

Now, Therefore, the parties agree:

- 1. Generating Facility:** Customer-Generator's Facility shall consist of a solar photovoltaic  
generating facility located on Customer-Generator's premises, with a total capacity of not  
more than fifteen (15) kilowatts. Said facility will be interconnected and operated in parallel  
with Cooperative's distribution system, and is intended primarily to offset part or all of  
Customer-Generator's own electrical requirements.
- 2. Term:** This agreement shall commence when signed by both Cooperative and Customer-  
Generator and terminate with any change in ownership, or by written agreement signed by  
both parties.

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4/1/2005

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By \_\_\_\_\_  
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

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3. **Interconnection:** Customer-Generator shall provide the interconnection on Customer-Generator's side of the point of common coupling. At Customer-Generator's expense, Cooperative shall make reasonable modifications to Cooperative's system necessary to accommodate Customer-Generator's Facility. The cost for such modifications is due in advance of construction. The net metering system used by Customer-Generator shall include, at Customer-Generator's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by Cooperative's electric service requirements, the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers (specifically IEEE Standard 1547, "Standard for Interconnecting Distributed Resources with Electric Power Systems"), and Underwriters Laboratories.

Cooperative's written approval of Customer-Generator's protection-isolation method to ensure generator disconnection in case of a power interruption from Cooperative is required before service is provided under this schedule.

4. **Impact Studies:** The Cooperative shall review the application for net metering service to determine if a detailed system impact study for the proposed project is required. If a system impact study is required, the customer-generator will be advised of the estimated cost of the study, and will be asked to agree to reimburse the Cooperative for these costs once the study is completed. When construction, modifications, or upgrades to the distribution system are required to interconnect the customer-generator's electric generating facility, the customer-generator is responsible for all costs incurred by the Cooperative. Once the customer-generator has reimbursed the Cooperative for any costs of system modifications (if required), the interconnection process will proceed.

5. **Disconnect Switch:** Customer-Generator shall furnish and install on Customer-Generator's side of the point of common coupling a safety disconnect switch which shall be capable of fully disconnecting the Customer-Generator's energy generating equipment from Cooperative's electric service. The disconnect switch shall be located adjacent to Cooperative's meters and shall be of the visible break type in a metal enclosure which can be secured by a padlock. The disconnect switch shall be accessible to Cooperative personnel at all times. Cooperative shall have the right to disconnect the Facility from Cooperative's supply at the disconnect switch when necessary to maintain safe electrical operating conditions or, if in Cooperative's sole judgement, the Facility at any time adversely affects Cooperative's operation of its electrical system or the quality of Cooperative's service to other Customers.

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DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie L Browning

TITLE PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

By [Signature] Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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**CLASSIFICATION OF SERVICE**

- 6. **Functional Standards:** Customer-Generator shall furnish, install, operate and maintain in good order and repair, all without cost to Cooperative, all equipment required for the safe operation of the Facility in parallel with Cooperative's system. This equipment shall include, but not limited to, equipment necessary to establish automatically and maintain synchronism with Cooperative's electric supply and a load break switching device that shall automatically disconnect the unit from Cooperative's supply in the event of overload or outage of Cooperative's supply. The facility shall be designed to operate within allowable voltage variations of Cooperative's system. The Facility shall not cause any adverse effects upon the quality of service provided to Cooperative's Customers.
- 7. **Installation and Maintenance:** Excepting only metering equipment owned by Cooperative, all equipment on Customer-Generator's side of the point of common coupling, including any required disconnect switch and synchronizing equipment, shall be provided, installed, and maintained in satisfactory operating condition by Customer-Generator, and shall remain the property and responsibility of Customer-Generator. Cooperative shall bear no liability for Customer-Generator's equipment or for consequences of its operation or mis-operation. For purposes of gathering research data, Cooperative may at its expense install and operate additional metering and data-gathering devices.
- 8. **Pre-operation Inspection:** Prior to interconnection, the Facility and associated interconnection equipment shall be inspected and approved by the state electrical inspector and any other governmental authority having jurisdiction.
- 9. **Access:** Authorized Cooperative employees shall have the right to enter upon Customer-Generator's property for the purposes of operating the disconnect switch and meters and making additional tests concerning the operation and accuracy of its meters.
- 10. **Merger:** This contract contains the entire agreement between Customer-Generator and Cooperative and may not be changed except by writing signed by both Customer-Generator and Cooperative.

In witness whereof, Cooperative and Customer-Generator have, by their duly authorized representatives, executed this agreement in duplicate as of the day and year first above written.

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~~4/1/2008~~

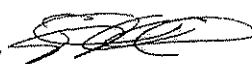
ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

By   
Executive Director



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Community, Town or City

P.S.C. KY. NO. 9

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FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

[CUSTOMER-GENERATOR NAME]

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

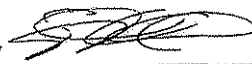
ISSUED BY Jackie S. Snowing

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By   
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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CLASSIFICATION OF SERVICE

**Customer Net Energy Service Agreement  
Attachment to the Net Metering Tariff  
for  
Net Metering Service**

**1. Scope of Agreement**

This Agreement states the conditions for net metering for customer-generators who own, operate, and maintain electrical generating facilities using solar energy designed to operate in parallel with the existing Cooperative's electrical distribution system and be primarily intended to offset part or all of the customer-generator's own electrical requirements.

**2. Definitions**

"Cooperative" shall mean Farmers Rural Electric Cooperative Corporation, the retail electricity supplier serving the customer-generator.

"Customer-generator" means a customer who owns and operates an electric generating facility that is located on the customer's premises, for the primary purpose of supplying all or part of the customer's own electricity requirements.

"Electric generating facility" or "facility" means an electric generating facility that is connected in parallel with the electric distribution system; generates electricity using solar energy; and has a rated capacity of not greater than fifteen (15) kilowatts.

"Point of common coupling" means the point where a generating facility is connected to the Cooperative's distribution system.

**3. Establishment of Point of Common Coupling**

The Cooperative and the customer-generator agree to interconnect the Facility at the Point of Common Coupling in accordance with the Cooperative's rules, regulations, by-laws, rates, and tariffs (the "Rules") all of which are incorporated herein by reference.

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE APRIL 1, 2005  
~~4/1/2005~~

ISSUED BY Jackie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By   
Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

EFFECTIVE

PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

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**CLASSIFICATION OF SERVICE**

**4. Interconnection**

The customer-generator shall provide all equipment and perform all electrical interconnections on its side of the point of common coupling. The Cooperative will make such modifications to the Cooperative's distribution system as are reasonably necessary to accommodate the customer-generator's facility. The customer-generator shall be responsible for the costs of any such modifications and payment shall be due thirty (30) days in advance of construction. The customer-generator shall meet all requirements of the Interconnection Agreement for Net Metering Service and shall ensure, at its own expense, that the Facility includes all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by Cooperative policies, the National Electric Code, National Electric Safety Code, the Institute of Electrical and Electronic Engineers, the Kentucky State Building Code, and Underwriters Laboratories. The customer-generator shall not commence parallel operation of the Facility until the Cooperative has inspected the Facility, including all interconnection equipment, and issued a written approval which includes a stipulated start date following which operations in parallel are permitted. The Cooperative maintains the right to verify proper installation and inspect the customer-generator's Facility to ensure continued safe operation of the electrical generating equipment and interconnection system at any time with reasonable advance notice to the customer-generator.

**5. Installation, Operation and Maintenance of Facilities**

The customer-generator shall furnish, install, operate and maintain in good order and repair, without cost to the Cooperative, all generating and interconnecting equipment required for the safe operation of the Facility in parallel with Cooperative's electrical distribution system. This includes, but is not limited to, equipment necessary to automatically disconnect the Facility from Cooperative's electrical distribution system in the event of overload or outage of Cooperative's distribution system.

Except for the bi-directional metering equipment owned by the Cooperative, all equipment on the customer-generator's side of the point of common coupling, including the required disconnect device, shall be provided and maintained in satisfactory operating condition by the customer-generator and shall remain the property and responsibility of the customer-generator.

The Facility must be designed to operate within allowable operating standards for Cooperative's electrical distribution system. The Facility must not adversely affect the

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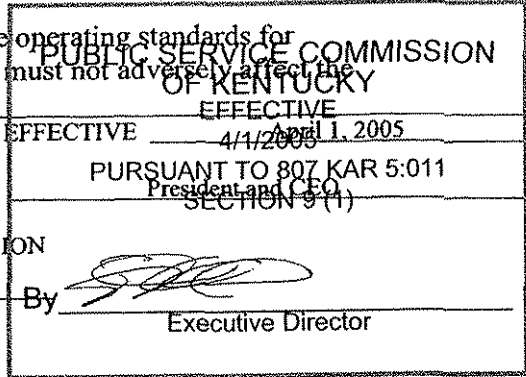
ISSUED BY Jackie A. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By [Signature]  
Executive Director



FOR ENTIRE TERRITORY SERVED

Community, Town or City

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FARMERS RURAL ELECTRIC  
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quality or reliability of service provided to other Cooperative customers. The Cooperative shall have the right to periodically inspect the Facility.

The Cooperative will bear no responsibility for the installation or maintenance of the customer-generator's equipment or for any damage to property as a result of any failure or malfunction thereof. The Cooperative shall not be liable, directly or indirectly, for permitting or continuing to allow the interconnection of the Facility or for the acts or omissions of the customer-generator or the failure or malfunction of any equipment of the customer-generator's facility that causes loss or injury, including death, to any party.

**6. Permits and Compliance with Codes, Standards, Rules, Regulations and Laws**

The customer-generator shall file in a timely manner applications for all governmental authorizations and permits that are required for the Facility prior to construction of the Facility. Prior to the initial start-up date, the customer-generator shall obtain all governmental authorizations and permits required for operation of the Facility and shall maintain all required governmental authorizations and permits required for the Facility during the term hereof. The customer-generator shall provide copies of any such authorizations, permits and licenses to the Cooperative upon request. The customer-generator agrees to cause its Facility to be constructed in accordance with the rules and specifications equal to or better than those provided by the National Electrical Safety Code and the National Electrical Code, both codes approved by the American National Standards Institute, in effect at the time of construction.

The customer-generator shall maintain the electric generating system and interconnection facilities in a safe and prudent manner and in conformance with all applicable laws and regulations, and obtain any governmental authorizations and permits required for the construction and operation of the electric generating system and interconnection facilities. The customer-generator shall reimburse the Cooperative for any and all losses, damages, claims, penalties, or liability it incurs as a result of the customer-generator's failure to obtain or maintain any governmental authorizations and permits required for construction and operation of customer-generator's Facility.

**7. Responsible Party**

The customer-generator shall identify an individual (by name or title) who shall serve as the responsible party for operation and maintenance of the customer-generator Facility.

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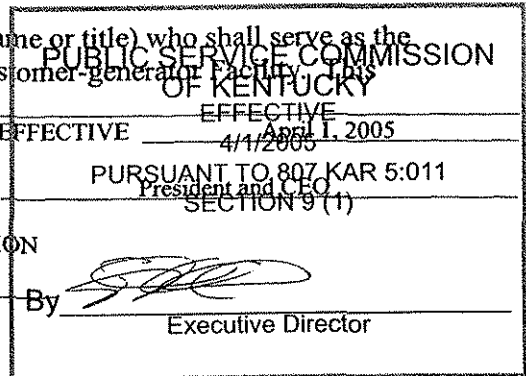
ISSUED BY *Jarvis L. Browning*

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By *[Signature]*  
Executive Director



FOR ENTIRE TERRITORY SERVED

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individual shall be familiar with this Agreement as well as the provisions of any other agreements, rules or regulations that may apply.

8. Price, Payment and Credit

Net metered electricity shall be measured in accordance with standard metering practices established by the Cooperative.

a. Retail Sales to Member/Customer

If the net metering registration shows that deliveries of energy in kWh from the Cooperative to the customer-generator exceed the deliveries of energy in kWh from the customer-generator to the Cooperative, the customer-generator shall pay the Cooperative for the net amount of energy delivered by the Cooperative after application of any Net Metering Credit carried forward from previous months at the rate applicable to its type or class of electric service.

b. Energy Deliveries to Cooperative

If the net meter registration shows that the deliveries of energy in kWh from the customer-generator to the Cooperative exceed the deliveries of energy in kWh from the Cooperative to the customer-generator, the net meter registration in kWh will be carried forward to the next monthly billing period as a Net Metering Credit, expressed in kWh. If the customer-generator has carried over a Net Metering Credit from one or more prior months, the net meter registration from the current month shall be added to the Net Metering Credit that exists from prior months.

At no time shall the Cooperative be required to convert the Net Billing Credit to cash. If a customer-generator closes his account, no cash refund for residual Net Metering Credits shall be paid. Net Metering Credits are not transferable between customers or locations.

9. Impact Studies and System Modifications

As part of the process of accommodating the interconnection of the customer-generator's Facility to the Cooperative distribution system, the Cooperative shall conduct an initial review that includes a meeting/discussion with the customer-generator to review the application and scope of the project. The Cooperative may conduct internal studies to

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE April 1, 2005

ISSUED BY Jackie Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

By [Signature] Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
April 1, 2005  
PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

FOR ENTIRE TERRITORY SERVED

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deemed necessary and at no additional cost to the customer-generator, such as but not limited to the review of capacity issues, system protection, aggregate harmonics analysis, aggregate power factor, and voltage regulation. The initial review will determine if a detailed system impact study for the proposed project is required.

If a system impact study is required, the customer-generator will be advised of the estimated cost of the study and shall reimburse the Cooperative for these costs once the study is completed. Only after the customer-generator has signed the Impact Study Agreement, will the study be conducted. The impact study shall evaluate, in detail, the impact of the proposed interconnection on the safety and reliability of the Cooperative's distribution system, and assesses whether any system modifications are required for interconnection. When construction, modifications, or upgrades to the distribution system are required to interconnect the customer-generator's electric generating facility, the customer-generator shall reimburse the Cooperative for all costs incurred. Once the customer-generator has reimbursed the Cooperative for any costs of system modifications (if required), the interconnection process will proceed.

**10. Interruption or Reduction of Deliveries**

The Cooperative may require the customer-generator to interrupt or reduce deliveries as follows: a) when necessary in order to construct, install, maintain, repair, replace, remove, investigate, or inspect any of the Cooperative's equipment or system; or, b) if the Cooperative determines in its sole discretion that curtailment, interruption, or reduction is necessary because of emergencies, abnormal system operation, faulted conditions, or compliance with prudent electrical practices. Whenever possible, the Cooperative shall give the customer-generator reasonable notice of the possibility that interruption or reduction of deliveries may be required.

Notwithstanding any other provision of this Agreement, if at any time the Cooperative determines that either:

- the generating facility may endanger Cooperative personnel, or,
- the continued operation of customer-generator's generating facility may endanger the integrity of Cooperative's electric system,

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~~4/1/2006~~

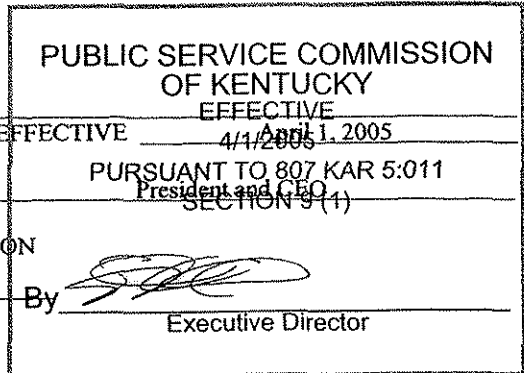
ISSUED BY Jodie S. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By [Signature]  
Executive Director



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The Cooperative shall have the right to disconnect the customer-generator's Facility from the Cooperative's distribution system. The customer-generator's Facility shall remain disconnected until such time as the Cooperative is satisfied that the above-referenced condition(s) have been corrected.

11. Indemnity and Liability

The customer-generator hereby indemnifies and agrees to hold harmless and release the Cooperative and its officers, employees, contractors, and agents and each of the heirs, personal representatives, successors, and assigns of any of the foregoing (collectively, the "Indemnitees") from and against any and all losses, claims, damages, costs, demands, fines, judgments, penalties, obligations, payments, and liabilities, together with any costs and expenses (including without limitation attorneys' fees and out-of-pocket expenses and investigation expenses) incurred in connection with any of the foregoing, resulting from, relating to, or arising out of, or in connection with: a) any failure or abnormality in the operation of the customer's generating Facility or any related equipment; b) any failure of the customer-generator to comply with the standards, specifications, or requirements referenced in this Agreement which results in abnormal voltages or voltage fluctuations, abnormal changes in the harmonic content of the generating facility output, single phasing, or any other abnormality related to the quantity or quality of the power produced by the generating facility; c) any failure of the customer-generator duly to perform or observe any term, provision, covenant, agreement, or condition hereunder to be performed or by or on behalf of the customer or d) any negligence or intentional misconduct of customer related to the operation of the generating system or any associated equipment or wiring.

The customer-generator shall, upon the Cooperative's request, defend any suit asserting a claim covered by this indemnity. The customer-generator shall pay all costs (including reasonable attorneys' fees and costs) that may be incurred by the Cooperative in enforcing this indemnity.

12. Liability Insurance

The customer-generator shall maintain general liability insurance coverage (through a homeowner's, commercial, or other policy) against a loss arising from the use or operation of the customer-generator Facility with minimum limits of \$300,000 per occurrence/\$300,000 aggregate combined single limit for personal injury, bodily injury, including death and property damage. Prior to interconnection, the customer-generator shall submit evidence of such insurance to the Cooperative with the Application for Net Metered Electric Generation

DATE OF ISSUE February 25, 2005

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ISSUED BY Jackie D. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
APRIL 1, 2005  
PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)  
By [Signature]  
Executive Director

FOR ENTIRE TERRITORY SERVED

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FARMERS RURAL ELECTRIC  
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**CLASSIFICATION OF SERVICE**

Service. The Cooperative's receipt of evidence of liability insurance does not imply an endorsement by the Cooperative of the terms and conditions of the coverage.

**13. Equipment Certification**

All inverters and associated interconnection equipment shall have been tested by a Nationally Recognized Testing Laboratory as having met the testing requirements of IEEE Standard 1547. Inverters and associated interconnection equipment listed for generating facility application (up to the size range covered by this Agreement and the Net Energy Metering tariff) listed on the following websites are hereby approved for application and installation under the terms of this Agreement and the terms of the Net Energy Metering Tariff:

**List of Approved Equipment**

<http://www.dps.state.ny.us/SIRDevices.PDF>

<http://www.fsec.ucf.edu/pvt/buyinstallpv/pvapprovals/approvals1.htm>

[http://www.consumerenergycenter.org/cgi-bin/eligible\\_inverters.cgi](http://www.consumerenergycenter.org/cgi-bin/eligible_inverters.cgi)

[http://www.consumerenergycenter.org/cgi-bin/eligible\\_pvmodules.cgi](http://www.consumerenergycenter.org/cgi-bin/eligible_pvmodules.cgi)

**14. Testing and Testing Records**

The customer-generator shall provide to the Cooperative all records of testing. These records shall include testing at the start of commercial operation and periodic testing thereafter. Factory testing of the protective systems shall be acceptable. In the case of a factory test, the customer-generator shall provide a written description and certification by the factory of the test, the test results, and the qualification of any independent testing laboratory. In addition, the settings of the equipment being installed are to be approved by the Cooperative prior to operating in parallel with the Cooperative's distribution system.

**15. Rights of Access**

The Cooperative may send an employee, agent, or contractor to the premises of the customer-generator at any time whether before, during, or after the time the Facility first produce energy to inspect the Facility and observe the Facility's installation, commissioning (including any testing), startup, operation, and maintenance. At any time the Cooperative, its employees, agents, or contractors shall have access to the customer-generator's premises for this or any other reasonable purpose in connection with the interconnection described in this Agreement, the Rules, or to provide service to its customers.

DATE OF ISSUE \_\_\_\_\_ February 25, 2005 \_\_\_\_\_

DATE EFFECTIVE \_\_\_\_\_ EFFECTIVE \_\_\_\_\_  
4/1/2005

ISSUED BY Jackie S. Browning

TITLE \_\_\_\_\_ PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 5 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By [Signature]  
Executive Director

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
SECTION 5 (1)



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FARMERS RURAL ELECTRIC  
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**16. Capacity Limit**

This Agreement only applies to one or more photovoltaic generation facilities owned by the customer-generator and having a total installed capacity of up to 15 kW. If at any time the total site capacity of a generating facility previously covered under the terms of this Agreement exceed this capacity limit, the customer-generator is then in default of this Agreement. In this case, the provisions of Article 18, Default, will apply.

**17. Disconnection of Facilities**

The Cooperative maintains the right to disconnect, without liability, the customer-generator's Facility, and suspend service, in cases where continued operation may endanger persons, the Cooperatives' distribution system, or other property. If the operation of the customer-generator's Facility poses an immediate danger to persons or the public, or the safe and stable operation of the Cooperative's distribution system, the Facility may be disconnected from the distribution system with no prior notice. In other cases, the customer-generator will be provided with an opportunity to correct the situation prior to disconnection. During an unplanned outage of the distribution system serving the customer-generator's Facility, the Cooperative shall have the right to suspend service and disconnect the Facility from the system to effect repairs on the system; in this case, the Cooperative shall use its reasonable efforts to provide the customer-generator with reasonable prior notice.

The customer-generator shall disconnect the facility from the system, or the Cooperative shall have the right to disconnect the Facility from the system, in the case of customer-generator's default under the terms of this Agreement.

**18. Default**

Any one or more of the following acts or omissions of the customer-generator shall constitute an event of default hereunder:

- Failure to comply with the capacity limit of this Agreement;
- Failure to maintain the requisite levels of liability insurance in full force;
- Failure to install, operate and maintain the generating facility in accordance with all applicable standards, rules, regulations and laws;

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DATE EFFECTIVE EFFECTIVE APRIL 1, 2005  
4/1/2005

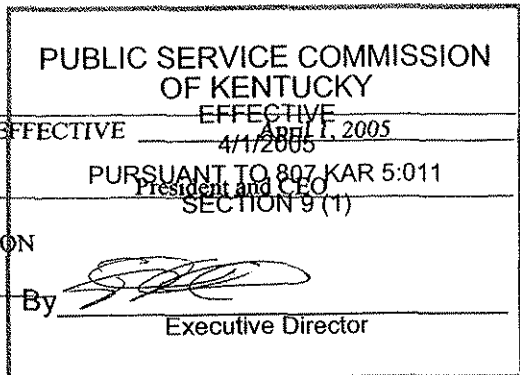
ISSUED BY Jackie B. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 9 (1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By [Signature]  
Executive Director



FOR ENTIRE TERRITORY SERVED  
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**CLASSIFICATION OF SERVICE**

- Failure to maintain any records, or submit any reports or test results required hereunder; and/or,
- Failure to perform any of the other covenants and conditions of this Agreement.

Upon the occurrence of any of these events of default, the Cooperative may take any one, or more, or all, of the following actions:

Give the customer-generator a written notice specifying the event of default and requiring it to be remedied within thirty (30) days from the date of notice;

If the event of default is not timely remedied, a) terminate this agreement, effective two (2) days after giving the customer-generator notice of termination, and b) disconnect the Facility in accordance with the provisions of Article 17.

**19. Metering**

Metering equipment shall be capable of measuring and recording energy flows, on a kWh basis, from the Cooperative to the customer-generator and from the customer-generator to the Cooperative, with each directional energy flow recorded independently. If time-of-day or time-of-use metering is used, the electricity fed back to the electric grid by the customer-generator shall be metered and accounted for at the specific time it is fed back to the electric grid in accordance with the time-of-day or time-of-use billing agreement currently in place. If the customer-generator's existing electrical meter is not capable of registering the flow of electricity in two directions, the customer shall be responsible for all expenses involved in purchasing and installing a meter (or meters) that is able to register electricity flow in two directions. All metering shall be capable of working with any automatic meter reading systems used by the Cooperative.

**20. Application and Agreements**

A customer-generator seeking to interconnect an eligible electric generating facility to the Cooperative's distribution system must submit to the Cooperative the following documents in addition to this Agreement:

- a. Application for Net Metered Electrical Generation Service, completed and executed, including a one-line diagram showing the configuration of the customer-generator's facility;

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE 4/1/2005

ISSUED BY Jackie S. Browning

TITLE PRESIDENT AND CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By [Signature]  
Executive Director

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY**  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
SECTION 5(7)

FOR ENTIRE TERRITORY SERVED  
Community, Town or City

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FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

Original SHEET NO. 38

**CLASSIFICATION OF SERVICE**

- b. Interconnection Agreement for Net Metering Service, executed prior to interconnection.

The Cooperative may reject an application for demonstrable reliability or safety issues; however, the Cooperative will work with the customer to resolve those issues to the extent practicable.

**21. Effective Term and Termination Rights**

This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. This Agreement may be terminated as follows: (a) customer-generator may terminate this Agreement at any time by giving the Cooperative at least sixty (60) days' written notice; (b) Cooperative may terminate upon failure by the customer-generator to continue ongoing operation of the generating facility; (c) either party may terminate by giving the other party at least thirty (30) days prior written notice that the other party is in default of any of the terms and conditions of the Agreement or the Rules or any rate schedule, tariff, regulation, contract, or policy of the Cooperative, so long as the notice specifies the basis for termination and there is opportunity to cure the default; (d) the Cooperative may terminate by giving the customer-generator at least thirty (30) days notice in the event that there is a material change in an applicable law, or any requirement of the Cooperative's wholesale electric suppliers or of any transmission utility, independent system operator or regional transmission organization having responsibility for the operation of any part of the system.

**22. Severability**

If any portion or provision of this Agreement is held or adjudged for any reason to be invalid or illegal or unenforceable by any court of competent jurisdiction, such portion shall be deemed separate and independent, and the remainder of this Agreement shall remain in full force and effect.

**23. Amendment**

This Agreement may be amended only upon mutual agreement of the parties, which amendment will not be effective until reduced to writing and executed by the parties.

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE 4/1/2005

ISSUED BY Jackie L. Browning

TITLE President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
SECTION 5(1)

By [Signature]  
Executive Director

FOR ENTIRE TERRITORY SERVED

Community, Town or City

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FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

**CLASSIFICATION OF SERVICE**

**24. Independent Contractors**

The parties hereto are independent contractors and shall not be deemed to be partners, employees, franchisees or franchisers, servants or agents of each other for any purpose whatsoever under or in connection with this Agreement.

**25. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky. Venue for any action arising under or in connection with this Agreement shall be in the Barren County Circuit Court.

**26. Notices**

Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to the Cooperative:

Farmers RECC

P.O. Box 1298

Glasgow, KY 42142

(b) If to the customer-generator:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The above-listed names, titles, and addresses of either party may be changed by written notification to the other.

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DATE EFFECTIVE April 1, 2005

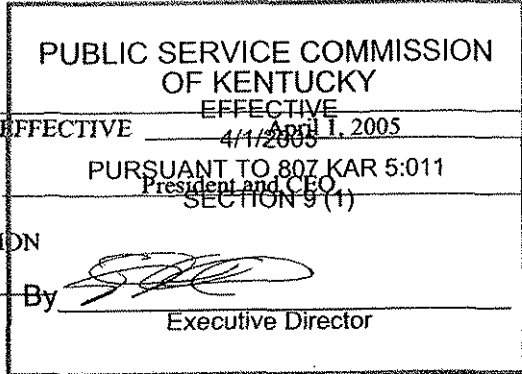
ISSUED BY Jackie R. Browning

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO  
SECTION 5(1)

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By [Signature]  
Executive Director



FOR ENTIRE TERRITORY SERVED

Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_ 9 \_\_\_\_\_

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FARMERS RURAL ELECTRIC  
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**CLASSIFICATION OF SERVICE**

**27. Assignment**

This Agreement and all provisions hereof shall inure to and be binding upon the respective parties hereto, their personal representatives, heirs, successors, and assigns. Customer-generator shall not assign this Agreement or any part hereof without the prior written consent of the Cooperative, and such consent shall be within the sole discretion of the Cooperative. Any unauthorized assignment may result in default under the terms of this Agreement.

**28. Signatures/Agreement Execution**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

[CUSTOMER-GENERATOR NAME]

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE	
DATE OF ISSUE	DATE EFFECTIVE
February 25, 2005	4/1/2005
ISSUED BY	TITLE
<i>Jackie S. Browning</i>	PURSUANT TO 807 KAR 5:011 President and CEO
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION	SECTION 4 (1)
IN CASE NO.	DATED
	By <i>[Signature]</i>
	Executive Director

DATE OF ISSUE February 25, 2005

DATE EFFECTIVE 4/1/2005

ISSUED BY *Jackie S. Browning*

TITLE PURSUANT TO 807 KAR 5:011  
President and CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

By *[Signature]*  
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

ORIGINAL SHEET NO. 41

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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

**RATES AND CHARGES**

**RATE SCHEDULE ES – ENVIRONMENTAL SURCHARGE**

**AVAILABILITY**

In all of the Company's service territory.

**APPLICABILITY**

This rate schedule shall apply to all electric rate schedules and special contracts.

**RATE**

$$CES(m) = ES(m) - BESF$$

where CES(m) = Current Month Environmental Surcharge Factor  
ES(m) = Current Month Environmental Surcharge Calculation  
BESF = Base Environmental Surcharge Factor of 0%

$$ES(m) = \frac{[(WESF) \times (\text{Average of 12-months ended revenues from sales to Member System, excluding environmental surcharge}) + (\text{Over/Under Recovery})]}{[\text{Average of 12-months ending Retail Revenue (excluding environmental surcharge)}]} = \text{\%}$$

where WESF = Wholesale Environmental Surcharge Factor for Current Expense Month

DATE OF ISSUE March 17, 2005  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning July 1, 2005  
Month / Date / Year

ISSUED BY Jackie B. Browning  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2004-00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
7/1/2005  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

ORIGINAL SHEET NO. 42

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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

**RATES AND CHARGES**

(Over)/Under Recovery =

6-months cumulative (over)/under recovery as defined by amount billed by EKPC to Member System minus the amount billed by Member System to retail customer. Over or under recoveries shall be amortized over a six-month period.

BESF = zero

**BILLING**

The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

DATE OF ISSUE March 17, 2005  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning July 1, 2005  
Month / Date / Year

ISSUED BY Jackie S. Browning  
(Signature of Officer)

TITLE President & CEO

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. 2004-00372 DATED March 17, 2005

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
7/1/2005  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By [Signature]  
Executive Director

Farmers Rural Electric Cooperative Corporation

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE  
LESS THAN 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of less than 100 kW which have executed a contract with Farmers Rural Electric Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (1)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (1)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199	(1)
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094	(1)
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203	(1)
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069	(1)
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486	(1)

b. Non-Time Differentiated Rates:

Year	2008	2009	2010	2011	2012
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	\$0.04596

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008 <sup>6/7/2008</sup>

ISSUED BY William J. Prather TITLE President & Chief Executive Officer

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00128 Dated April 28, 2008

By Stephanie Rumba  
Executive Director



Farmers Rural Electric Cooperative Corporation

The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Farmers Rural Electric Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Farmers Rural Electric Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Patten

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION OF KENTUCKY	
DIRECTIVE 6/1/2008	
ATTENTION TO 807 KAR 5:011 SECTION 9 (1)	
By	<u>Stephanie Rumbaugh</u> Executive Director

Farmers Rural Electric Cooperative Corporation

6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00
  - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years. (N)
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Patton TITLE President & Chief Executive Officer

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
6/1/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00128 Dated April 28, 2008

By Stephanie Dumbauld  
Executive Director

Farmers Rural Electric Cooperative Corporation

For Area Served  
P.S.C. No. 9  
Original Sheet No. 46  
Canceling P.S.C. No. 2  
Original Sheet No. 1&3

COGENERATION AND SMALL POWER PRODUCTION  
POWER PURCHASE RATE SCHEDULE OVER 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with Farmers Rural Electric Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054. (T)

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199	(I)
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094	(I)
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203	(I)
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069	(I)
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486	(I)

b. Non-Time Differentiated Rates:

Year	2008	2009	2010	2011	
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	6/1/2011 \$0.04596 (I)

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Patten TITLE President & Chief

Issued by authority of an Order of the Public Service Commission of

Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)

By Stephanie Dumb  
Executive Director

Farmers Rural Electric Cooperative Corporation

For Area Served  
P.S.C. No. 9  
Original Sheet No. 47  
Canceling P.S.C. No. 2  
Original Sheet No. 1&4

The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

**On-Peak** 7:00 a.m. - 12:00 noon  
5:00 p.m. - 10:00 p.m.

**Off-Peak** 12:00 noon - 5:00 p.m.  
10:00 p.m. - 7:00 a.m.

Summer (May - September)

**On-Peak** 10:00 a.m. - 10:00 p.m.

**Off-Peak** 10:00 p.m. - 10:00 a.m.

TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Farmers Rural Electric Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Farmers Rural Electric Cooperative Corporation. for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY

William J. Patton

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky  
Case No. 2008-00128 Dated April 28, 2008

<p>PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE 6/1/2008 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</p> <p>By <u>Stephanie Rumber</u> Executive Director</p>
--

For Area Served  
P.S.C. No. 9  
Original Sheet No. 48  
Canceling P.S.C. No. 2  
Original Sheet No. 1&3

Farmers Rural Electric Cooperative Corporation

- 6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
  - a. Public Liability for Bodily Injury - \$1,000,000.00
  - b. Property Damage - \$500,000.00
- 7. Initial contract term shall be for a minimum of five years. (N)
- 8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
- 9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
- 10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

DATE OF ISSUE May 8, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY William J. Prutton

TITLE President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00128 Dated April 28, 2008

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
6/1/2008  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)  
By Stephanie Rumbert  
Executive Director

**Direct Load Control of Water Heaters Program**

**Direct Load Control of Air-Conditioners Program**

**Purpose**

The Direct Load Control of Water Heaters and Air Conditioners will encourage the reduction in growth of peak demand, enabling the Company to utilize its system more efficiently and defer the construction of new generation.

**Availability**

Both the Direct Load Control of Water Heaters Program and the Direct Load Control of Air Conditioners Program are available to residential customers in the service territories of Farmers Rural Electric Cooperative Corporation. Availability may be denied where, in the judgment of the Farmers Rural Electric Cooperative Corporation, installation of the load control equipment is impractical.

**Eligibility**

To qualify for these Programs, the participant must be located in the service territory of Farmers Rural Electric Cooperative Corporation and have central air conditioning or heat pump units and/or 40-gallon (minimum) electric water heating units. The above appliances may be electrically cycled or interrupted in accordance with the rules of this Tariff.

**Incentive - Direct Load Control of Water Heaters Program**

Farmers Rural Electric Cooperative Corporation will provide an incentive to the participants in this program. Farmers Rural Electric Cooperative Corporation will credit the residential power bill of the participant \$10.00 per water heater each year. The participant will receive this credit regardless of whether the water heater is cycled during the month.

DATE OF ISSUE May 23, 2008 DATE EFFECTIVE: Service rendered on and after ~~May 2, 2008~~ <sup>May 2, 2008</sup>

ISSUED BY William T. Prather TITLE President & Chief Executive Officer  
William T. Prather

Issued by authority of an Order of the Public Service Commission of  
Case No. 2008-00161 Dated May 16, 2008

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE	
PURSUANT TO 807 KAR 5:011	
By <u>Stephanie Rumber</u> Executive Director	

**Incentive - Direct Load Control of Air-Conditioners Program**

Farmers Rural Electric Cooperative Corporation will provide an incentive to the participants in this program. The customer may select one of two alternatives. One, Farmers Rural Electric Cooperative Corporation will credit the residential power bill of the participant \$20.00 per air conditioner (\$5 per summer months, June, July, August, and September). Two, alternatively, EKPC, on behalf of Farmers Rural Electric Cooperative Corporation, will provide and install at no cost a digital thermostat for the participant. The participant will receive one of these incentives regardless of whether the air conditioner or heat pump is controlled during the month.

**Time Period for the Direct Load Control of Water Heaters Program**

A load control switch will be placed on the water heater and may be electrically interrupted for a maximum time period of four hours.

East Kentucky Power Cooperative ("EKPC") will cycle the water heaters only during the hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	6:00 a.m. to 12:00 noon 4:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

**Time Period for the Direct Load Control of Air Conditioners**

A load control device (switch or thermostat) will be placed on each central air conditioning unit or heat pump that will allow the operating characteristics of the unit to be modified (by cycling the unit off for periods of time up to 15 minutes, or by adjusting the temperature setting on the thermostat) to reduce demand on the system.

EKPC will control the air conditioning units and heat pumps only during its summer on-peak billing hours listed below.

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
May through September	10:00 a.m. to 10:00 p.m.

DATE OF ISSUE May 23, 2008 DATE EFFECTIVE: Service rendered on and after June 2, 2008  
 ISSUED BY William T. Prather TITLE President & Chief Executive Officer  
 Issued by authority of an Order of the Public Service Commission of 1  
 Case No. 2008-00161 Dated May 16, 2008 By Stephanie Bumb  
 SECTION 9 (1) ff  
 Executive Director



Farmers Rural Electric Cooperative Corporation

**Terms and Conditions**

1. If a participant decides to withdraw from the program(s) or change to another load control option, Farmers Rural Electric Cooperative Corporation will endeavor to implement the change as soon as possible.
2. Prior to the installation of load control devices, Farmers Rural Electric Cooperative Corporation may inspect the participant's electrical equipment to insure good repair and working condition, but Farmers Rural Electric Cooperative Corporation shall not be responsible for the repair or maintenance of the electrical equipment.
3. Farmers Rural Electric Cooperative Corporation will install, own, and maintain the load management devices controlling the participant's air conditioner or water heater. The participant must allow Farmers Rural Electric Cooperative Corporation reasonable access to install, maintain, inspect, test and remove load control devices. Inability of Farmers Rural Electric Cooperative Corporation to gain access to the load management device to perform any of the above activities for a period exceeding 30 days may, at Farmers Rural Electric Cooperative Corporation option, result in discontinuance of credits under this tariff until such time as Farmers Rural Electric Cooperative Corporation is able to gain the required access.

DATE OF ISSUE May 23, 2008 DATE EFFECTIVE: Service rendered on and after June 2, 2008

ISSUED BY William T. Prather TITLE President & Chief Executive Officer 5:011  
William T. Prather

Issued by authority of an Order of the Public Service Commission  
Case No. 2008-00161 Dated May 16, 2008

PUBLIC SERVICE COMMISSION	
OF KENTUCKY	
EFFECTIVE 6/2/2008	
SECTION 9 (1)	
By <u>Stephanie Buntin</u>	Executive Director





**Official Notice**

E+L D  
page 1 of 2

Farmers Rural Electric Cooperative Corporation, with its principal office at Glasgow, Kentucky and with its address at 504 South Broadway, Glasgow, Kentucky 42141, intends to file with the Kentucky Public Service Commission in Case No. 2008-00030 an application to adjust its retail rates and charges. This adjustment will result in a general rate increase to the member-consumers of Farmers Rural Electric Cooperative Corporation.

The rates proposed in this application are the rates proposed by Farmers 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. Any person who has been granted intervention by the Commission may obtain copies of the rate application and any other filings made by the utility by contacting Bill Prather, Farmers Rural Electric Cooperative Corporation, 504 South Broadway, Glasgow, Kentucky 42141.

Any person may examine the rate application and any other filings made by the utility at the office of Farmers Rural Electric Cooperative Corporation or at the Commission's office at the following address.

Farmers Rural Electric Cooperative 504 South Broadway Glasgow, Kentucky 42141 270-651-2191	Kentucky Public Service Commission 211 Sower Boulevard Frankfort, Kentucky 40602 502-564-3940
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The amount and percent of increase are listed below:

<u>Rate Class</u>	<u>Increase</u>	
	<u>Dollar</u>	<u>Percent</u>
<b>Schedule R</b>		
Residential Service	\$3,531,789	15%
<b>Schedule RM</b>		
Off Peak Retail Marketing Rate (ETS)	\$10,324	11%
<b>Schedule C1</b>		
Small Commercial	\$71,277	3%
<b>Schedule C2</b>		
Small Commercial	\$131,844	5%
<b>Schedule CM</b>		
Off Peak Retail Marketing Rate (ETS)	-\$6	-1%
<b>Schedule D</b>		
Large Commercial	\$62,250	2%
<b>Schedule E</b>		
Large Industrial Rate	\$114,068	3%
<b>Schedule OL</b>		
Security Lights	\$117,079	16%

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

<u>Rate Class</u>	<u>Increase</u>	
	<u>Dollar</u>	<u>Percent</u>
<b>Schedule R</b>		
Residential Service	\$14	15%
<b>Schedule C1</b>		
Small Commercial	\$4	3%
<b>Schedule C2</b>		
Small Commercial	\$129	5%
<b>Schedule D</b>		
Large Commercial	\$1,037	2%
<b>Schedule E</b>		
Large Industrial Rate	\$3,169	3%

The present and proposed rate structure of Farmers Rural Electric Cooperative Corporation are listed below:

E+L →  
page 2 of 2

<u>Rate Class</u>	<u>Rates</u>	
	<u>Present</u>	<u>Proposed</u>
<b>Schedule R - Residential Service</b>		
Customer charge	-	\$9.00
Energy charge, all kwh	-	\$0.08299
First 50 kwh	\$0.16145	-
All remaining	\$0.07484	-
Energy charge per ETS	\$0.04491	\$0.04979
<b>Schedule C1 - Small Commercial</b>		
Customer charge	-	\$11.00
Energy charge, all kwh	-	\$0.07739
First 50 kwh	\$0.16145	-
All remaining	\$0.07836	-
Energy charge per ETS	\$0.04701	\$0.04643
<b>Schedule C2 - Small Commercial</b>		
Customer charge	\$0.00	\$50.00
Demand charge	\$5.46	\$6.86
Energy charge	\$0.06133	\$0.05897
<b>Schedule D - Large Commercial</b>		
Customer charge	\$0.00	\$50.00
Demand charge	\$5.47	\$6.86
Energy charge	\$0.06133	\$0.05897
<b>Schedule E - Large Industrial Rate</b>		
Customer charge	\$593.45	\$1,100.00
Demand charge	\$5.98	\$6.86
Energy charge	\$0.04597	\$0.04587
<b>Schedule OL - Outdoor Lighting Service</b>		
MV 175 Watt	\$7.53	\$8.72
MV 175 Watt, shared	\$2.51	\$2.91
MV 250 Watt	\$8.58	\$9.93
MV 400 Watt	\$13.02	\$15.07
MV 1000 Watt	\$22.76	\$26.35
SV 100 Watt	\$7.89	\$9.14
SV 150 Watt	\$9.15	\$10.59
SV 250 Watt	\$12.40	\$14.36
SV 400 Watt	\$15.90	\$18.41
SV 1000 Watt	\$34.40	\$39.83
<b>Schedule SL - Street Lighting Service</b>		
Per rated kwh	\$0.04976	\$0.04976
<b>Non -Recurring Charges</b>		
Return check	\$5.00	\$25.00
Collection	\$15.00	\$30.00
Service and trip charges	\$15.00	\$30.00
Meter Tests	\$15.00	\$40.00
Overtime	\$30.00	\$70.00
<b>Cable Television Attachments</b>		
2 party pole attachments	\$1.87	\$4.02
2 party anchor attachments	\$3.70	\$6.20
3 party pole attachments	\$1.66	\$3.53



# FARMERS RURAL ELECTRIC COOPERATIVE

P.O. Box 1298 • 504 South Broadway • Glasgow, KY 42142-1298  
Tel. (270) 651-2191 • (800) 253-2191 • Fax: (270) 651-7332

COPY

January 21, 2008

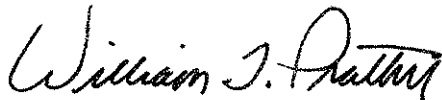
Beth A. O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

Dear Ms. O'Donnell:

This is to advise, in accordance with the Kentucky Public Service Commission's Administrative Regulation 807 KAR 5:001, Section 10(2), that Farmers Rural Electric Cooperative intends to file an application for an increase in its retail rates in 2008. The rate application will be supported by a historical test year period.

If you have any questions regarding our intention to file, please contact me.

Sincerely,



William T. Prather  
President and CEO

Cc Attorney General  
Utility Intervention and Rate Division  
1024 Capital Center Drive  
Frankfort, KY 40601

Steven L. Beshear  
Governor

Robert D. Vance, Secretary  
Environmental and Public  
Protection Cabinet

Timothy J. LeDonne  
Commissioner  
Department of Public Protection

William T. Prather  
President & CEO  
Farmers R.E.C.C.  
504 South Broadway  
P. O. Box 1298  
Glasgow, KY 42141-1298



Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

John W. Clay  
Vice Chairman

Caroline Pitt Clark  
Commissioner

January 24, 2008

JAN 28 2007

ly

RE: Case No 2008-00030  
Farmers R.E.C.C.  
(General Rates)

This letter is to acknowledge receipt of notice of intent to file an application in the above case. The notice was date-stamped received January 24, 2008 and has been assigned Case No 2008-00030. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

BOD/rs



**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION**

**Board Resolution**

**AUTHORIZATION TO THE PRESIDENT & CEO TO FILE FOR A  
RATE INCREASE WITH THE KENTUCKY PUBLIC SERVICE  
COMMISSION**

**WHEREAS**, to provide its members with a reliable source of power it is the opinion of the Board of Directors of Farmers Rural Electric Cooperative Corporation that a rate increase is necessary to maintain Farmers Rural Electric Cooperative in a sound financial condition, and

**WHEREAS**, the Board of Directors of Farmers Rural Electric Cooperative hereby authorizes and directs its President & CEO, Bill Prather, to file with the Kentucky Public Service Commission for a rate increase.

**NOW, THEREFORE BE IT RESLOVED**, that this resolution was properly authorized by the Board of Directors during a monthly Board of Directors meeting held on January 5, 2009..

I, C. F. Martin, Jr. Secretary/Treasurer of the Farmers Rural Electric Cooperative Corporation hereby certify that the foregoing is a full, true, and correct copy of the Resolution duly passed by the Board of Directors of Farmers Rural Electric Cooperative at a meeting duly called and held in compliance with the By-Laws of the Cooperative on the 5th of January, 2009, at which meeting a quorum was present, and that the Resolution as set out above appears in the minutes of that meeting in the Minutes Book of the Cooperative dated this 5th day of January, 2009.



---

C. F. Martin, Jr. Secretary/Treasurer





Farmers Rural Electric Cooperative  
Case No. 2008-00030  
**Revenue Summary**  
September 30, 2008

Rate Schedule	Kwh Useage	Test Year Revenue	Percent of Total	Normalized Case No. 2006-0515	Percent of Total	Normalized Case No. 2008-00414	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount	Percent
Schedule R, Residential Service	315,954,130	\$23,057,167	65%	\$22,321,297	64%	\$24,084,611	64%	\$27,616,400	66%	\$3,531,789	14.7%
Schedule RM, Off-Peak Marketing I	2,115,485	88,060	0%	88,046	0%	95,006	0%	105,330	0%	\$10,324	10.9%
Schedule C1, Small Commercial	30,260,434	2,287,799	6%	2,199,070	6%	2,372,866	6%	2,444,143	6%	\$71,277	3.0%
Schedule C2, Small Commercial	36,220,745	2,660,838	7%	2,660,115	7%	2,870,282	8%	3,002,126	8%	\$131,844	4.6%
Schedule CM, Off-Peak Marketing I	9,574	417	0%	417	0%	450	0%	445	0%	(\$6)	-1.2%
Schedule D, Large Commercial	52,712,400	3,300,483	9%	3,301,976	9%	3,591,504	10%	3,653,754	9%	\$62,250	1.7%
Schedule E, Large Industrial Servic	67,173,000	3,526,827	10%	3,526,967	10%	3,806,179	10%	3,920,247	9%	\$114,068	3.0%
Schedule SL, Street Lighting	446,100	57,029	0%	57,029	0%	58,653	0%	58,653	0%	\$0	0.0%
Schedule OL, Security Lights	7,065,984	686,876	2%	686,876	2%	740,999	2%	858,079	2%	\$117,079	15.8%
Rounding differences										829	
<b>Total from base rates</b>	<b><u>511,957,852</u></b>	<b><u>35,665,496</u></b>	<b>100%</b>	<b><u>\$34,841,794</u></b>	<b>100%</b>	<b><u>\$37,620,551</u></b>	<b>100%</b>	<b><u>\$41,659,177</u></b>	<b>100%</b>	<b><u>\$4,039,455</u></b>	<b>10.7%</b>
Fuel adjustment billed		2,937,050									
Environmental surcharge billed		<u>2,134,309</u>									
		<u>\$40,736,855</u>									
Increase				<u>(\$823,702)</u>		<u>\$2,778,757</u>		<u>\$4,038,626</u>			
Percent				-2.3%		8.0%		10.7%			

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Explanation of Changes

All revenues were normalized using rates that went into effect in connection with a flow through of East Kentucky Power Cooperative's increase in rates in EKPC's Case No. 2006-00509 and Farmers Rural Electric's flow through Case No. 2006-00515, effective August 1, 2007.

The proposed rate increase was allocated in the following manner:

**Schedule R, Residential Service**

The customer charge was increased based upon the Cost of Service Study. The remaining increase was through the energy charge. The first 50 kwh included in the customer charge was eliminated.

**Schedule C1, Small Commercial**

The customer charge was increased based upon the Cost of Service Study. The remaining increase was through the energy charge. The first 50 kwh included in the customer charge was eliminated.

**Schedule C2, Small Commercial**

The customer charge was based upon the Cost of Service Study. The demand charge was increased to match the wholesale power rate. The remaining increase was through the energy charge.

**Schedule D, Large Commercial**

The customer charge was based upon the Cost of Service Study. The demand charge was increased to match the wholesale power rate. The remaining increase was through the energy charge.

**Schedule E, Large Industrial Service**

The customer charge was based upon the Cost of Service Study. The demand charge was increased to match the wholesale power rate. The remaining increase was through the energy charge.

**Schedule OL, Security Lights**

All rates were increased by 15% based on the Cost of Service Study.

All Customer Charges were established in Farmers Rural Electric's last general rate increase in 1984. These charges were ordered by the Kentucky Public Service Commission based on the Cost of Service Study filed with that general rate increase.

Farmers Rural Electric does not have monthly peak demands for rate schedules, only the amount of KW billed to each consumer.



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF ADJUSTMENT**  
**OF RATES OF FARMERS RURAL ELECTRIC**  
**COOPERATIVE CORPORATION**

**CASE NO. 2008-00030**

PREPARED TESTIMONY OF WILLIAM T. PRATHER

Q1. Would you please state your name and business address.

A1. William T. Prather, with a business address of 504 South Broadway, Glasgow, Kentucky 42141.

Q2. What is your occupation?

A2. President & CEO for Farmers Rural Electric Cooperative ("Farmers Rural Electric").

Q3. How long have you been employed at Farmers Rural Electric?

A3. I was employed in August 2007 as the position of President & CEO.

Q4. What is your education and work experience?

A4. I graduated from Eastern Kentucky University in May 1978 with a Bachelors of Business Administration. I earned a Masters in Business Administration from the University of Kentucky in May 1998. Prior to joining Farmers Rural Electric, I worked for Owen Electric Cooperative (OEC), in Owenton, Kentucky, from February 1979 to October 2005. During my tenure at OEC, I held various positions in mid and senior level management in accounting, computer information systems, customer service, marketing, engineering, operations, and construction. I joined East Kentucky Power Cooperative (EKPC) in October 2005. My primary responsibilities at EKPC included the development and oversight of the community development, marketing, and member service programs. I left EKPC in August 2007 to become the President and CEO of Farmers Rural Electric.

Q5. Are you familiar with the contents of the Notice Application of Farmers Rural Electric which has been filed with this Commission to commence this Case?

A5. Yes.

Q6. Please state whether the statements of facts contained in this Notice are true.

A6. Yes. To the best of my knowledge and belief, the statements of facts contained in this Application are true.

Q7. Are you familiar with the exhibits which are filed with and form a part of the Notice Application of this Case?

A7. Yes. I worked with Alan Zumstein, CPA and Jim Adkins, Consultant, in the preparation of these exhibits, and I am familiar with them. In my opinion, the factual material contained in this Application are correct.

Q8. When was the last General Rate Application filed by Farmers Rural Electric?

A8. The last General Rate Application filed by Farmers Rural Electric was in 1984.

Q9. What is the purpose of this Notice of Application of Farmers Rural Electric to this Commission?

A9. To seek an increase in rates in an amount necessary to obtain a Times Interest Earned Ratio ("TIER") of 2.0.

Q10. What considerations were given to increase the rates and charges of Farmers Rural Electric.

A10. The purpose of this Application is to provide support of the fact that Farmers Rural Electric needs the requested rate relief that is being sought in this rate application. Farmers Rural Electric has filed this application due to its need to meet certain financial ratios as required by its mortgage agreements with its lenders: the Rural Utilities Service ("RUS") and the National Rural Utilities Cooperative Finance Corporation ("CFC"). According to those mortgage agreements, Farmers Rural Electric is required to maintain a Net TIER of 1.25 and an Operating TIER of 1.1

In addition, this application is necessary for Farmers Rural Electric to continue to pay capital credits and maintain adequate equity and cash reserves.

Q11. What is the Test Year used by Farmers Rural Electric for its financial data compiled to the Commission in the Application?

A11. The twelve months ended September 30, 2008 was selected as the Test Year. The management and Board of Directors of Farmers Rural Electric review the operations and TIER on a monthly basis. Noting the steady decline in margins and TIER, the Board of Directors authorized an Application to be prepared to increase rates and charges sufficient to obtain a TIER of 2.0.

Q12. How was the proposed increase in revenues of \$4,039,455 allocated to rates?

A12. Farmers Rural Electric and Jim Adkins have prepared a Cost of Service Study and based its rate design on this study.

Q13. Why was a TIER of 2.0x requested?

A13. The financial condition of Farmers Rural Electric cooperative has deteriorated substantially since 2003. In order to continue to meet debt service obligations, operating costs and maintain the minimum joint mortgage agreement requirements, it was necessary to request a TIER of 2.0 in this Application.

Q14. In your opinion, are the adjusted rates requested in this Case by Farmers Rural Electric Cooperative necessary to maintain the financial integrity of the Cooperative?

A14. Yes. To enable Farmers Rural Electric to maintain its financial integrity, it is necessary that it be permitted to increase its rates as proposed in this Application.

Q15. Does this conclude your testimony in this case?

A15. Yes, it does.

Affiant, William T. Prather, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.

William T. Prather

William T. Prather, President & CEO

Subscribed and sworn to before me by the affiant, William T. Prather, this 5<sup>th</sup>  
day of January, 2009.

Shirley Sue Lowrie

My Commission expires 07-30-11.



**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF ADJUSTMENT**  
**OF RATES OF FARMERS RURL ELECTRIC**  
**COOPERATIVE CORPORATION**

**CASE NO. 2008-00030**

PREPARED TESTIMONY OF ALAN M. ZUMSTEIN

Q1. Would you please state your name, residence, and occupation.

A1. Alan M. Zumstein, my address is 1032 Chetford Drive, Lexington, Kentucky 40509. I am a self-employed Certified Public Accountant.

Q2. How long have you been practicing your profession?

A2. I have been self-employed for approximately twenty four years. Prior to that, I was employed by a local CPA firm for approximately six years.

Q3. Are you familiar with accounting work and accounting procedures for rural electric cooperatives.

A3. Yes. I have had much prior experience in electric cooperative accounting and have done accounting work in the preparation of rate cases for electric cooperative for presentation to the Public Service Commission.

Q4. Have you appeared before the Kentucky Public Service Commission and given testimony in electric cooperative cases?

A4. Yes, I have.

Q5. Did you prepare or assist in the preparation of the financial exhibits for Farmers Rural Electric Cooperative filed with its Notice Application in this case?

A5. Yes.

Q6. What considerations were given to increase the rates and charges of Farmers Rural Electric Cooperative.

A6. The mortgage agreements require that Farmers Rural Electric Cooperative maintain Times Interest Earned Ratio ("TIER") of above 1.25 based on an average of two of the three most recent years. The TIER for the Test Year of September 30, 2008 was 0.37. The TIER has decreased consistently from a TIER of 1.50 in 2003. The TIER, giving effect to the normalized adjustments without an increase in revenues, as reflected in Exhibit S, page 2 of 4, would result in a TIER on only 0.01 for the Test Year.

Q7. Would you briefly describe the procedures used to arrive at the proposed increase in rates and charges.

A7. The margins and TIER of Farmers Rural Electric Cooperative have been reviewed, and giving effect to the steady decline in TIER, it was determined that an application for increase in rates should be filed with the Kentucky Public Service Commission. The twelve months ended September 30, 2008 was selected as the Test Year. All revenues were normalized using rates that went into effect in connection with the roll-in of fuel into the base rates in Case No. 2006-00515, effective August 1, 2007. Other expenses were normalized using rates and known changes, and adjusted as if they were in effect for the entire Test Year. The revenue proposed of \$4,039,455, or approximately 10.7% increase, would provide for a TIER of 2.0x.

Q8. How was the proposed increase in revenues of \$4,039,455 allocated to rates?

A8. Farmers Rural Electric Cooperative and Jim Adkins have prepared a Cost of Service Study and based its rate design on this study.

Q9. Why was a TIER of 2.0x requested?

A9. The financial condition of Farmers Rural Electric cooperative has deteriorated substantially since 2003. In order to continue to meet debt service obligations, operating costs and maintain the minimum joint mortgage agreement requirements, it was necessary to request a TIER of 2.0x in this Application.

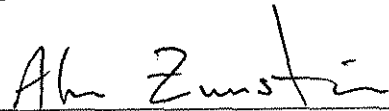
Q10. In your opinion, are the adjusted rates requested in this Case by Farmers Rural Electric Cooperative necessary to maintain the financial integrity of the Cooperative?

A10. The financial exhibits as shown in the Application conclusively indicate the adjusted rates arising out of the Application are necessary to prevent problems of a deteriorating financial position.

Q11. Does this conclude your testimony in this case?

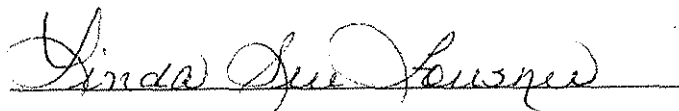
A11. Yes, it does.

Affiant, Alan M. Zumstein, states that the answers given by him to the foregoing questions are true and correct to the best of his knowledge and belief.



Alan M. Zumstein, CPA

Subscribed and sworn to before me by the affiant, Alan M. Zumstein, this 5<sup>th</sup> day of January, 2009.



Notary Public, Kentucky State at Large

My Commission expires 07-30-11.

E+L H-3  
1-f 11

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE ADJUSTMENT )  
OF RATES OF FARMERS RURAL ELECTRIC ) CASE NO. 2008-00030  
COOPERATIVE CORPORATION )

PREPARED TESTIMONY OF JAMES R. ADKINS

Q1. State your name and business address.

A1. I am James R. Adkins and my business address is 1041 Chasewood Way, Lexington, KY 40513-1731.

Q2. What has been your role in this application?

A2. My role in this application has been to provide assistance and guidance in its development. Specifically, I am responsible for the Cost of Service Study contained in Exhibit R and the proposed rate design.

Q3. What is your professional experience in the area of electric utility rate-making?

A3. I have spent the last thirty-one plus years dealing with electric utility rates. I was employed by EKPC as its Pricing Manager for almost twenty-five years. I spent a little over one year with the Prime Group, LLC and I have been self-employed for the last five and one half years. Prior to my electric utility career, I was employed in the finance and accounting areas of the medical care field for close to eight years. I also served in the U.S. Army as an infantryman in the Republic of Vietnam in the late 1960s.

Q4. What is your educational background?

A4. I received a Bachelors Degree in Commerce with a major in banking and finance in 1971 and a Masters of Science in Accounting in 1976. Both of my degrees were granted by the University of Kentucky. Since then, I have attended several seminars, conferences and courses on rate-making as well as making presentations at many conferences and seminars of electric utility rate-making, cost of service, and rate design.

Q5. Have you ever appeared as a witness before this Commission?

A5. I have appeared as a witness before this Commission many times in rate applications, applications for certificates public convenience and necessity, fuel adjustment clause hearings, and administrative cases. I have testified on the behalf of East Kentucky Power Cooperative ("EKPC") and for all of EKPC's member cooperatives and for other distribution cooperatives.

Q6. What is the purpose of the cost of service study in this application?

A6. The purpose of the cost of service in this rate application has the following purposes: one) it has the purpose of determining the costs to serve each rate class as well as the total revenue requirements for each class; two) it has the purpose to assist in the determination amount of rate increases for each rate class; and three) it provides a breakdown of the cost to serve into segments that are useful for rate design.

Q7. Please explain the Cost of Service Study ("COSS") filed in this application?

A7. The COSS presented in this application follows the standard process of the functionalization of costs, the classification of costs and the allocation of costs to the various rate classes. This COSS has six (6) major sections in it. These sections are listed below:

- Test year revenue requirements;
- The functionalization of costs into the appropriate functions of purchased power, lines, transformers, services, meters, consumer services and accounting, and lighting;
- The classification of costs as either demand-related, energy-related or consumer-related;
- The allocation of the classified costs to the individual rate classes;
- The determination of the amount of rate increase for each rate class; and
- The development of the proposed rate design.

Each one of these sections will be discussed in its order within Exhibit R.

Q7. Please explain Schedule 1 in the COSS?

A7. Schedule 1 is display of the overall revenue requirements of Farmers RECC ("Farmers") presented by expense account number. It presents the test year actual expenses, the adjustments to the test year, and the adjusted test year. It is present in a manner that will be utilized in the COSS process. As a part of Schedule 1 is a schedule on payroll expenses that has been utilized in the allocation of the test year adjustments to appropriate expenses category. These payroll expenses are also utilized in the functionalization of the test year

expenses. The adjusted test year amount provides the total revenue requirements for Big Sandy.

Q8. Please explain Schedule 2 of the COSS?

A8. Schedule 2 is a functionalization of the expenses from Schedule 1 into their appropriate function. Schedule 2 also provides a section with footnotes which identifies and explains the basis for how some of the test year expenses are allocated to the proper function. A section of this schedule also contains the allocation of the Net Investment Rate Base to its proper functions and it is utilized to allocate some of the test year expenses to the functional area. These functional areas are classified in Schedule 3.

Q9. Would explain Schedule 3?

A9. Schedule 3 is the classification of expenses as being demand-related, energy-related or customer related. Distribution line expenses and distribution transformer expenses contain both demand-related expenses and consumer-related expenses. Distribution expenses for services, meters, and consumer services and accounting are all considered to be customer-related. Purchased power contains a demand-related component, which are the demand charges, and an energy-related component, which are the energy charges. The metering point and the substation charges are considered to be demand-related.

Q10. What is the basis for the division of the distribution line expenses and the transformer expenses into a demand-related component and a customer-related component?

Q11. The basis for the determination of the demand-related and energy related expenses is the use a method known as

the 'Zero-intercept". This method is applied to data from Big Sandy's Continuous Property Records ("CPRs") for Accounts 364-Poles, 365-Overhead Conductor, and 368-Transformers. The approach of this technique is to determine the no load or no demand component for each account. The zero load amount is then utilized as a basis to determine the customer-related investment and its percent of the total investment for the accounts listed above. The residual amount and percentage is considered to be demand-related.

For account 364 for poles, the unit cost of poles and the size of poles are plotted on a graph with a curve fitted this data. Similar information, unit costs and amp ratings, is used for account 365-Conductor for plotting and curve fitting. For account 368-Transformers, unit costs and KVA ratings are utilized. The percentages for the demand-related component and the customer-related component are then applied to the test year expenses to determine the amount of expenses that are demand-related and customer-related.

Q11. Explain the results of this demand and customer division from Schedule 3 for poles, conductor and transformers?

A11. The results from Schedule 3 are as follows. Sections of Schedule 3 contains the information used in this determination along with a graph of these results. For poles and conductor, an exponential curve was a curve that resulted in a positive number for both accounts. The zero load investment for poles is \$68.86 per unit and this amount is then multiplied by the number of poles to determine the customer-related investment. That amount



divided by the total investment in account 364 determines the percentage of the investment that is customer-related. The residual amount is demand related. For overhead conductor, the zero load amount per unit is \$0.03119 per unit. Regression lines applied to both poles and conductor provided negative values at the Y-intercept. The exponential curve provided a positive number. However a regression line did provide a positive y-intercept for account 368-Transformers. This amount was \$372.25 per unit for transformers. Listed below are the percentage investments for poles, overhead conductor and transformers.

	Demand Related	Consumer Related	Total
Poles	78.21%	21.79%	100.00%
OH Conductor	91.91%	8.09%	91.91%
Transformer	68.77%	31.23%	100.00%

Three sections of Schedule 3 and three graphs of this data are provided as a part of this schedule.

Q12. Explain Schedule 4?

A12. Schedule 4 is the allocation of the classified expenses to Big Sandy's electric rate classes. The demand related expenses are allocated on two different bases. The demanded-related purchased power costs are allocated to the proper rate classes proportional to the sum of each rate class's contribution to EKPC's monthly billing peak. The demand-related costs for lines and transformers are allocated proportionally on the basis of each rate class's monthly peak demand for the test year. The purchased power

energy-related costs allocated to the rate classes proportional on retail energy sales.

The customer-related costs for each customer-related segment are allocated differently. For lines, the allocation is based on number of customers. For transformers, the allocation is based on the number of consumers and the investment in the minimum size transformer for each rate class. For services, it is based on the number of customers and the minimum investment applied to the average length of the service for each rate class. For meters, the number of customers and the minimum size meter is used to allocate these expenses. For consumer services and accounting, it is weighing factors based on billing units per rate class for consumer records and the number of factors for meter reading. The number of customers is also a factor in this to determine the proper allocation. Sections of this schedule contain the basis for the allocation of the classified expenses to each rate class.

Q13. What is included in Schedule 5?

A13. Schedule 5 provides the amount of increase that is being proposed for each rate class. The revenue requirements for each rate class minus the sum of the revenue from current rates and the other revenue provides the amount of over or under recovery by rate class. The other revenue has been allocated to each rate class proportionally on the basis of revenue from rates. The results of this schedule indicate that Schedules R (Residential Service) and OL (Security Lights) need an increase in its rates. All other rate schedules are

providing revenue equal to or in excess of the revenue requirements from the COSS.

However, Farmers management and board of directors felt that the residential rate class should not bear the full burden for the increase in revenues needed by Farmers. It was determined to increase all other rate classes to allow for some changes in the rate design for these rate classes. An increase of 3 percent for each rate class accommodated the rate design changes. This proposed increase in revenue for these rate classes allowed for a reduction in the proposed increase for Schedule R. Schedule SL (Street Lighting) is not a part of this deviation because of the formula approach used in determining its applicable rates.

Q14. What is the purpose of Schedule 6?

A14. Schedule 6 provides the proposed rate design. For Schedule R, the customer charge has been set at \$9.00 per month while the full cost for the customer-related costs would be well in excess of \$20.00. The energy charge receives remaining revenue requirements.

Schedule C contains two parts. The first part is identified as C1 and the second part is identified as C2. For Schedule C1, the customer charge is set at \$11.00 with the energy rate recovering the remaining revenue requirements. The customer charge would be much higher rate if all customer-related costs were included. For C2, a customer charge has been developed with a proposed rate of \$50.00. A proposed demand charge of \$6.86 has been established with the energy recovering the remaining revenue requirements. Farmers is proposing to have the

same demand charge for all rate schedules containing demand rates.

Schedule D was developed to be the time-of-day option for the second part of Schedule C or C2. Therefore, the proposed rates for Schedule D are the same as those for Schedule C2. In the development of the rates for Schedules C2 and D, the revenue requirements have been combined to determine the proposed rates.

For Schedule E, the current customer charge has been doubled to determine the proposed charge of \$1,100. The customer charge for this rate class was originally based on East Kentucky Power Cooperative's ("EKPC") substation rates and Farmers in proposing to move the customer charge for this rate class in a similar direction as EKPC's substation rate. The proposed demand rate has been set at \$6.86 which is equal to EKPC's proposed phase I rate for its wholesale rate Schedule C. The energy charge provides for the recovery of the residual revenue requirements for this rate class.

For Schedule OL (Security Lights) each lamp has been increased the same percentage amount based on the revenue deficiency from the COSS.

Q15. Please summarize the results of the COSS?

A15. The results of the COSS indicate that Schedules R and OL do not provide for the recovery of each class's revenue requirements while the other rate classes do provided for the recovery of their revenue requirements. The COSS also indicates that Farmers rate design needs to be adjusted

some to better match the costs to serve. Farmers has not adjusted its basic rate design since its last rate increase in the mid 1980s while it has introduced some new rate since that time. So the results of the COSS are not surprising. Farmers proposing a significant movement toward a better rate design in this application.

Q16. Does this conclude your testimony?

A16. This concludes my testimony.

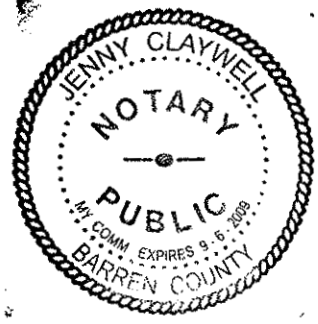
Affiant, James R. Adkins, states that the answers given by him in the foregoing questions are true and correct to the best of his knowledge and belief.

James R. Adkins  
James R. Adkins

Subscribed and sworn to before me by the affiant, James R. Adkins, this 8<sup>th</sup> day of January, 2009

My Commission expires 9-6-09.

Jenny Claywell  
Notary Public, State of Kentucky at Large





Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Average Bill for Residential Rate Class  
Schedule I - Farm and Home

	<u>Present</u>	<u>Proposed</u>		
Customer charge	\$7.48	\$9.00		
Energy charge	\$0.06936	\$0.08299		
<u>kwh Useage</u>	<u>Existing Rate</u>	<u>Proposed Rate</u>	<u>Increase Amount</u>	<u>Percent</u>
0	\$7.48	\$9.00	\$1.52	20.3%
25	9.21	11.07	1.86	20.2%
50	10.95	13.15	2.20	20.1%
100	14.42	17.30	2.88	20.0%
150	17.88	21.45	3.56	19.9%
200	21.35	25.60	4.25	19.9%
250	24.82	29.75	4.93	19.9%
300	28.29	33.90	5.61	19.8%
350	31.76	38.05	6.29	19.8%
400	35.22	42.20	6.97	19.8%
450	38.69	46.35	7.65	19.8%
500	42.16	50.50	8.34	19.8%
600	49.10	58.79	9.70	19.8%
700	56.03	67.09	11.06	19.7%
800	62.97	75.39	12.42	19.7%
900	69.90	83.69	13.79	19.7%
1,000	76.84	91.99	15.15	19.7%
1,100	83.78	100.29	16.51	19.7%
1,200	90.71	108.59	17.88	19.7%
1,300	97.65	116.89	19.24	19.7%
1,400	104.58	125.19	20.60	19.7%
1,500	111.52	133.49	21.97	19.7%
1,600	118.46	141.78	23.33	19.7%
1,700	125.39	150.08	24.69	19.7%
1,800	132.33	158.38	26.05	19.7%
1,900	139.26	166.68	27.42	19.7%
2,000	146.20	174.98	28.78	19.7%
The average monthly useage				
1,248	94.06	112.60	18.53	19.7%





Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Revenue Summary  
September 30, 2008

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Rate Schedule	Kwh Useage	Test Year Revenue	Percent of Total	Normalized Case No. 2006-0515	Percent of Total	Normalized Case No. 2008-00414	Percent of Total	Proposed Revenue	Percent of Total	Increase Amount Percent	
Schedule R, Residential Service	315,954,130	\$23,057,167	65%	\$22,321,297	64%	\$24,084,611	64%	\$27,616,400	66%	\$3,531,789	14.7%
Schedule RM, Off-Peak Marketing f	2,115,485	88,060	0%	88,046	0%	95,006	0%	105,330	0%	\$10,324	10.9%
Schedule C1, Small Commercial	30,260,434	2,287,799	6%	2,199,070	6%	2,372,866	6%	2,444,143	6%	\$71,277	3.0%
Schedule C2, Small Commercial	36,220,745	2,660,838	7%	2,660,115	7%	2,870,282	8%	3,002,126	8%	\$131,844	4.6%
Schedule CM, Off-Peak Marketing f	9,574	417	0%	417	0%	450	0%	445	0%	(\$6)	-1.2%
Schedule D, Large Commercial	52,712,400	3,300,483	9%	3,301,976	9%	3,591,504	10%	3,653,754	9%	\$62,250	1.7%
Schedule E, Large Industrial Servio	67,173,000	3,526,827	10%	3,526,967	10%	3,806,179	10%	3,920,247	9%	\$114,068	3.0%
Schedule SL, Street Lighting	446,100	57,029	0%	57,029	0%	58,653	0%	58,653	0%	\$0	0.0%
Schedule OL, Security Lights	7,065,984	686,876	2%	686,876	2%	740,999	2%	858,079	2%	\$117,079	15.8%
Rounding differences										829	
Total from base rates	<u>511,957,852</u>	35,665,496	100%	<u>\$34,841,794</u>	100%	<u>\$37,620,551</u>	100%	<u>\$41,659,177</u>	100%	<u>\$4,039,455</u>	10.7%
Fuel adjustment billed		2,937,050									
Environmental surcharge billed		<u>2,134,309</u>									
		<u>\$40,736,855</u>									
Increase				<u>(\$823,702)</u>		<u>\$2,778,757</u>		<u>\$4,038,626</u>			
Percent				-2.3%		8.0%		10.7%			

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Billing Analysis  
September 30, 2008

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Witness: Alan Zumstein

Schedule R - Residential Service

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
			Customer Charge	253,104	1,893,218	\$7.48	\$1,893,218	\$8.07
Energy charge per kWh								
First 50 kwh	10,797,013		\$0.14963	0	\$0.16145	0		
All remaining	305,157,117	21,163,949						
	<u>315,954,130</u>							
Additional kwh billed	(10,634,644)							
Adjusted over 50 kwh	294,522,473		\$0.06936	20,428,079	\$0.07484	22,042,062		
Adjusted total kwh	305,319,486						\$0.08299	<u>25,338,464</u>
Total from base rates		23,057,167		<u>\$22,321,297</u>		<u>\$24,084,611</u>		<u>\$27,616,400</u>
Fuel adjustment		1,787,075						
Environmental surcharge		<u>1,403,825</u>						
Total revenues		<u>\$26,248,067</u>						
Amount				(\$735,870)		\$1,763,315		\$3,531,789
Percent				-3.2%		7.9%		14.7%
Average monthly bill		\$91.10		\$88.19		\$95.16		\$109.11
Amount				(\$2.91)		\$6.97		\$13.95
Percent				-3.2%		7.9%		14.7%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
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Witness: Alan Zumstein

Schedule RM, Off-Peak Marketing Rate

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
			Energy charge					
Off peak rate	2,115,485	88,060	\$0.04162	88,046	\$0.04491	95,006	\$0.04979	105,330
Total from base rates		88,060		<u>\$88,046</u>		<u>\$95,006</u>		<u>\$105,330</u>
Fuel adjustment		6,662						
Environmental surcharge		5,272						
Total revenues		<u>\$99,994</u>						
Amount				(\$14)		\$6,960		\$10,324
Percent				0.0%		7.9%		10.9%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
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September 30, 2008

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Witness: Alan Zumstein

Schedule C1 - Small Commercial, less than 50kw Demand

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
			Customer Charge	17,895	\$133,855	\$7.48	\$133,855	\$8.07
Energy charge per kWh								
First 50 kwh	599,953	0	\$0.14963	0	\$0.16145	0		
All remaining	29,660,481	2,153,944						
	<u>30,260,434</u>							
Additional kwh billed	(1,221,819)							
Adjusted over 50 kwh	28,438,662		\$0.07262	2,065,216	\$0.07836	2,228,454		
Adjusted total kwh	29,038,615						\$0.07739	2,247,298
Total from base rates		<u>2,287,799</u>		<u>\$2,199,070</u>		<u>\$2,372,866</u>		<u>\$2,444,143</u>
Fuel adjustment		187,409						
Environmental surcharge		<u>140,228</u>						
Total revenues		<u>\$2,615,436</u>						
Amount				(\$88,728)		\$173,796		\$71,277
Percent				-3.9%		7.9%		3.0%
Average monthly bill		\$127.85		\$122.89		\$132.60		\$136.58
Amount				(\$4.96)		\$9.71		\$3.98
Percent				-3.9%		7.9%		3.0%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
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Witness: Alan Zumstein

Schedule C2 - Large Commercial, 50kw Demand or more

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	1,019	\$0	\$0.00	\$0	\$0.00	\$0	\$50.00	\$50,950
Demand Charge	118,839	602,051	\$5.06	601,328	\$5.46	648,863	\$6.86	815,239
Energy charge per kWh	36,220,745	2,058,787	\$0.05684	2,058,787	\$0.06133	2,221,418	\$0.05897	2,135,937
				0		0		0
Total from base rates		2,660,838		<u>\$2,660,115</u>		<u>\$2,870,282</u>		<u>\$3,002,126</u>
Fuel adjustment		225,565						
Environmental surcharge		161,174						
Total revenues		<u>\$3,047,577</u>						
Amount				(\$723)		\$210,167		\$131,844
Percent				0.0%		7.9%		4.6%
Average monthly bill		\$2,611.22		\$2,610.51		\$2,816.76		\$2,946.15
Amount				(\$0.71)		\$206.25		\$129.39
Percent				0.0%		7.9%		4.6%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
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Witness: Alan Zumstein

Schedule CM, Off-Peak Marketing Rate

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Energy charge								
Off peak rate	9,574	417	\$0.04357	417	\$0.04701	450	\$0.04643	445
		<u>417</u>		<u>\$417</u>		<u>\$450</u>		<u>\$445</u>
Total from base rates		417		<u>\$417</u>		<u>\$450</u>		<u>\$445</u>
Fuel adjustment		20						
Environmental surcharge		<u>25</u>						
Total revenues		<u>\$463</u>						
Amount				\$0		\$33		(\$6)
Percent				0.0%		7.9%		-1.2%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Billing Analysis  
September 30, 2008

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Witness: Alan Zumstein

Schedule D - Large Commercial/Industrial Service

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
			Customer Charge	60	\$0	\$0.00	\$0	\$0.00
Demand Charge	132,123,000	669,864	\$5.07	669,864	\$5.47	722,713	\$6.86	906,364
Energy charge	52,712,400	2,994,679	\$0.05684	2,996,173	\$0.06133	3,232,851	\$0.05897	3,108,450
Primary meter discount		(364,060)		(364,060)		(364,060)		(364,060)
Total from base rates		3,300,483		<u>\$3,301,976</u>		<u>\$3,591,504</u>		<u>\$3,653,754</u>
Fuel adjustment		319,183						
Environmental surcharge		202,330						
Total revenues		<u>\$3,821,995</u>						
Amount				\$1,494		\$289,528		\$62,250
Percent				0.0%		8.8%		1.7%
Average monthly bill		\$55,008.04		\$55,032.94		\$59,858.41		\$60,895.90
Amount				\$24.90		\$4,825.46		\$1,037.50
Percent				0.0%		8.8%		1.7%



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Billing Analysis  
September 30, 2008

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Witness: Alan Zumstein

Schedule E - Large Industrial Service

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Customer Charge	36	\$19,800	\$550.00	\$19,800	\$593.45	\$21,364	\$1,100.00	\$39,600
Demand Charge	116,533.800	645,597	\$5.54	645,597	\$5.98	696,872	\$6.86	799,422
Energy charge	67,173,000	2,861,430	\$0.04260	2,861,570	\$0.04597	3,087,943	\$0.04587	3,081,226
				0		0		0
Total from base rates		3,526,827		<u>\$3,526,967</u>		<u>\$3,806,179</u>		<u>\$3,920,247</u>
Fuel adjustment		405,509						
Environmental surcharge		217,721						
Total revenues		<u>\$4,150,057</u>						
Amount				\$140		\$279,212		\$114,068
Percent				0.0%		7.9%		3.0%
Average monthly bill		\$97,967.42		\$97,971.31		\$105,727.20		\$108,895.76
Amount				\$3.88		\$7,755.89		\$3,168.56
Percent				0.0%		7.9%		3.0%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Billing Analysis  
September 30, 2008

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Witness: Alan Zumstein

Schedule SL - Street Lighting Service

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
			175 Watt light	380	36,455	36,455	36,455	36,455
kWh	446,100	20,574	\$0.04612	20,574	\$0.04976	22,198	\$0.04976	22,198
Total from base rates		57,029		<u>\$57,029</u>		<u>\$58,653</u>		<u>\$58,653</u>
Fuel adjustment		4,715						
Environmental surcharge		2,897						
Total revenues		<u>\$64,641</u>						
Amount				\$0		\$1,624		\$1,624
Percent				0.0%		2.8%		2.8%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Billing Analysis  
September 30, 2008

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Witness: Alan Zumstein

Schedule 6 - Security Lights

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
MV 175 Watt	86,724	605,334	\$6.98	605,334	\$7.53	653,032	\$8.72	756,233
MV 175 Watt, shared	662	1,542	\$2.33	1,542	\$2.51	1,662	\$2.91	1,926
MV 250 Watt	826	6,567	\$7.95	6,567	\$8.58	7,087	\$9.93	8,202
MV 400 Watt	2,015	24,321	\$12.07	24,321	\$13.02	26,235	\$15.07	30,366
MV 1000 Watt	0	0	\$21.09	0	\$22.76	0	\$26.35	0
SV 100 Watt	700	5,117	\$7.31	5,117	\$7.89	5,523	\$9.14	6,398
SV 150 Watt	258	2,188	\$8.48	2,188	\$9.15	2,361	\$10.59	2,732
SV 250 Watt	384	4,412	\$11.49	4,412	\$12.40	4,762	\$14.36	5,514
SV 400 Watt	2,537	37,395	\$14.74	37,395	\$15.90	40,338	\$18.41	46,706
SV 1000 Watt	0	0	\$31.88	0	\$34.40	0	\$39.83	0
kWh		<u>7,065,984</u>						
Billing adjustments				<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates		686,876		<u>\$686,876</u>		<u>\$740,999</u>		<u>\$858,079</u>
Fuel adjustment		911						
Environmental surcharge		<u>837</u>						
Total revenues		<u>\$688,624</u>						
Amount				\$0		\$54,123		\$117,079
Percent				0.00%		7.88%		15.80%



**Farmers Rural Electric Cooperative**  
**Case No. 2008-00030**  
**Computation of Rate of Return**  
**September 30, 2008**

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Net margins	(\$1,162,418)	\$2,032,481
Non-cash patronage dividends	-	0
Interest on long-term debt	<u>1,847,047</u>	<u>2,032,481</u>
Total	<u>684,629</u>	<u>4,064,962</u>
<b>Net rate base</b>	<u>49,551,318</u>	<u>49,567,267</u>
Rate of return	<u>1.38%</u>	<u>8.20%</u>
<b>Equity Capitalization</b>	<u>49,890,786</u>	<u>53,085,685</u>
Rate of return	<u>1.37%</u>	<u>7.66%</u>

**Farmers Rural Electric Cooperative**  
**Case No. 2008-00030**  
**Determination of Rate Base**  
**September 30, 2008**

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
Gross rate base:		
Total electric plant	\$65,866,597	\$65,866,597
Material and supplies (13 months average for test year)	498,611	498,611
Prepayments (13 months average for test year)	178,892	178,892
Working capital: 12.5% of operating expense less cost of power	<u>816,039</u>	<u>831,988</u>
	67,360,139	67,376,088
Deductions from rate base:		
Accumulated depreciation	17,525,311	17,525,311
Consumer advances	<u>283,510</u>	<u>283,510</u>
Net rate base	<u>\$49,551,318</u>	<u>\$49,567,267</u>

	<u>Material</u>	<u>Prepayments</u>
September 2007	473,108	92,581
October	668,965	62,348
November	585,533	207,953
December	583,257	175,990
January 2008	595,587	307,782
February	528,460	268,149
March	526,252	239,299
April	403,672	206,647
May	416,504	191,584
June	434,818	201,794
July	378,865	165,786
August	451,088	127,462
September	435,831	78,220
Average	498,611	178,892

Witness: Alan Zumstein

**Farmers Rural Electric Cooperative**  
**Case No. 2008-00030**  
**Computation of Rate of Return**  
**September 30, 2008**

Test Year 2008	Calendar Year					
	1st 2007	2nd 2006	3rd 2005	4th 2004	5th 2003	
Net margins	(\$1,162,418)	\$151,816	\$505,866	\$612,376	\$478,087	\$1,873,942
Interest on long-term debt	1,847,047	1,834,784	1,741,847	1,459,946	996,893	954,412
<b>Total</b>	<b>684,629</b>	<b>1,986,600</b>	<b>2,247,713</b>	<b>2,072,322</b>	<b>1,474,980</b>	<b>2,828,354</b>
Net rate base	49,551,318	46,916,044	43,051,134	40,612,239	38,056,646	36,873,143
<b>Rate of return</b>	<u>1.38%</u>	<u>4.23%</u>	<u>5.22%</u>	<u>5.10%</u>	<u>3.88%</u>	<u>7.67%</u>

Test Year 2008	Calendar Year					
	1st 2007	2nd 2006	3rd 2005	4th 2004	5th 2003	
Return excluding G & T patronage dividends:						
Net margins	(\$1,162,418)	\$151,816	\$505,866	\$612,376	\$478,087	\$1,873,942
G & T patronage dividends	-	-	-	-	-	1,392,056
Interest on long-term debt	1,847,047	1,834,784	1,741,847	1,459,946	996,893	954,412
<b>Total</b>	<b>684,629</b>	<b>1,986,600</b>	<b>2,247,713</b>	<b>2,072,322</b>	<b>1,474,980</b>	<b>1,436,298</b>
Net rate base	49,551,318	46,916,044	43,051,134	40,612,239	38,056,646	36,873,143
<b>Rate of return, excluding G &amp; T</b>	<u>1.38%</u>	<u>4.23%</u>	<u>5.22%</u>	<u>5.10%</u>	<u>3.88%</u>	<u>3.90%</u>

**Farmers Rural Electric Cooperative**  
**Case No. 2008-00030**  
**Determination of Rate Base**  
**September 30, 2008**

Test Year	Calendar Year					
	1st 2007	2nd 2006	3rd 2005	4th 2004	5th 2003	
<b>Gross rate base:</b>						
Total electric plant	\$65,866,597	\$62,732,679	\$58,474,459	\$55,517,273	\$52,121,659	\$50,125,575
Material and supplies (13 mo. ave test year)	498,611	583,257	495,178	362,486	322,895	308,977
Prepayments (13 mo. ave test year)	178,892	175,990	165,045	171,560	149,609	130,908
Working capital:						
12.5% of operating expense						
less cost of power	816,039	750,714	667,427	682,891	708,156	675,173
	<u>67,360,139</u>	<u>64,242,640</u>	<u>59,802,109</u>	<u>56,734,210</u>	<u>53,302,319</u>	<u>51,240,633</u>
<b>Deductions from rate base:</b>						
Accumulated depreciation	17,525,311	17,055,118	16,471,826	15,838,226	14,974,159	14,096,873
Consumer advances	283,510	271,478	279,149	283,745	271,514	270,617
	<u>17,808,821</u>	<u>17,326,596</u>	<u>16,750,975</u>	<u>16,121,971</u>	<u>15,245,673</u>	<u>14,367,490</u>
<b>Net rate base</b>	<u>\$49,551,318</u>	<u>\$46,916,044</u>	<u>\$43,051,134</u>	<u>\$40,612,239</u>	<u>\$38,056,646</u>	<u>\$36,873,143</u>



**Farmers Rural Electric Cooperative**  
**Case No. 2008-00030**  
**TIER and DSC Calculations**  
**September 30, 2008**

	<u>Actual</u> <u>Test Year</u>	<u>Adjusted</u> <u>Test Year</u>
<b>TIER:</b>		
Margins, excluding G&T		
capital credits and extraordinary item:	(\$1,162,418)	\$2,032,481
Interest on long term debt	1,847,047	2,032,481
TIER	0.37	2.00

**DSC:**

Margins, excluding G&T		
capital credits	(\$1,162,418)	\$2,032,481
Depreciation expense	1,968,738	2,167,891
Interest on long term debt	1,847,047	2,032,481
Principal payment on		
long term debt	1,112,440	1,112,440
DSC	0.90	1.98

DSC = (Margins + depreciation + interest  
/ interest + principal payments)

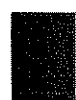
**Farmers Rural Electric Cooperative**  
**Case No. 2008-00030**  
**TIER and DSC Calculations**  
**September 30, 2008**

Test Year 2008	Calendar Year					
	1st 2007	2nd 2006	3rd 2005	4th 2004	5th 2003	
<b>TIER calculations:</b>						
Margins, excluding G&T capital credits	(\$1,162,418)	\$151,816	\$505,866	\$612,376	\$478,087	\$481,886
Interest on long term debt	1,847,047	1,834,784	1,741,847	1,459,946	996,893	954,412
<b>Modified TIER</b>	0.37	1.08	1.29	1.42	1.48	1.50
Margins, including G&T capital credits	(\$1,162,418)	\$151,816	\$505,866	\$612,376	\$478,087	\$1,873,942
Interest on long term debt	1,847,047	1,834,784	1,741,847	1,459,946	996,893	954,412
<b>TIER</b>	0.37	1.08	1.29	1.42	1.48	2.96
<b>DSC calculations:</b>						
DSC = ((Margins + depreciation + interest) / (interest + principal payments))						
Margins, excluding G&T capital credits	(\$1,162,418)	\$151,816	\$505,866	\$612,376	\$478,087	\$481,886
Depreciation expense	1,968,738	1,867,901	1,745,792	1,638,324	1,588,209	1,526,287
Interest on long term debt	1,847,047	1,834,784	1,741,847	1,459,946	996,893	954,412
Principal payment on long term debt	1,112,440	1,082,201	1,008,935	885,153	878,871	851,669
<b>Modified DSC</b>	<u>0.90</u>	<u>1.32</u>	<u>1.45</u>	<u>1.58</u>	<u>1.63</u>	<u>1.64</u>
Margins, including G&T capital credits	(\$1,162,418)	\$151,816	\$505,866	\$612,376	\$478,087	\$1,873,942
Depreciation expense	1,968,738	1,867,901	1,745,792	1,638,324	1,588,209	1,526,287
Interest on long term debt	1,847,047	1,834,784	1,741,847	1,459,946	996,893	954,412
Principal payment on long term debt	1,112,440	1,082,201	1,008,935	885,153	878,871	851,669
<b>DSC</b>	<u>0.90</u>	<u>1.32</u>	<u>1.45</u>	<u>1.58</u>	<u>1.63</u>	<u>2.41</u>

**Farmers Rural Electric Cooperative**  
**Case No. 2008-00030**  
**Equity Capitalization**  
**September 30, 2008**

	Test Year 2008	Calendar Year					
		2007	2006	2005	2004	2003	
<b>Proposed</b>							
<b><u>Equity Capitalization:</u></b>							
<b><u>without G&amp;T patronage capital</u></b>							
Total margins and equities	22,676,160	19,481,261	20,955,237	20,894,597	20,601,601	20,447,674	20,424,515
Less G&T Patronage capital	4,392,296	4,392,296	4,392,296	4,392,296	4,392,296	4,392,296	3,000,240
Long-term debt	18,283,864	15,088,965	16,562,941	16,502,301	16,209,305	16,055,378	17,424,275
	34,801,821	34,801,821	35,914,261	33,430,733	31,927,338	28,430,324	26,319,003
Total	53,085,685	49,890,786	52,477,202	49,933,034	48,136,643	44,485,702	43,743,278
Equity capitalization ratio	<u>34%</u>	<u>30%</u>	<u>32%</u>	<u>33%</u>	<u>34%</u>	<u>36%</u>	<u>40%</u>
<b><u>Equity Capitalization:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and equities	22,676,160	19,481,261	20,955,237	20,894,597	20,601,601	20,447,674	20,424,515
Long-term debt	34,801,821	34,801,821	35,914,261	33,430,733	31,927,338	28,430,324	26,319,003
Total	57,477,981	54,283,082	56,869,498	54,325,330	52,528,939	48,877,998	46,743,518
Equity capitalization ratio	<u>39%</u>	<u>36%</u>	<u>37%</u>	<u>38%</u>	<u>39%</u>	<u>42%</u>	<u>44%</u>
<b><u>Equity to Total Assets:</u></b>							
<b><u>with G&amp;T patronage capital</u></b>							
Total margins and debt	57,477,981	54,283,082	56,869,498	54,325,330	52,528,939	48,877,998	46,743,518
Total assets	66,087,545	62,892,646	61,001,087	57,174,016	55,144,399	51,466,073	49,501,013
Total	123,565,526	117,175,728	117,870,585	111,499,346	107,673,338	100,344,071	96,244,531
Equity to total asset ratio	<u>47%</u>	<u>46%</u>	<u>48%</u>	<u>49%</u>	<u>49%</u>	<u>49%</u>	<u>49%</u>

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Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Reconciliation of Rate Base and Capital  
September 30, 2008

Reconciliation of Rate Base and Capital used to determine revenue requirements  
are as follows:

Equity Capitalization, with G&T capital credit	54,283,082
G&T capital credits	<u>(4,392,296)</u>
	49,890,786

Reconciling items:

Capital credits from associated organizations	
(Allocated but unpaid)	(5,937,136)
Working capital requirements	816,039
Material and supplies, 13 month average	321,501
Prepayments, 13 month average	58,493
Cash and temporary investments	(1,798,830)
Accounts receivable	(1,708,853)
Other receivables	(162,801)
Material and supplies	(435,831)
Prepayments	(78,220)
Other deferred debits	(37,393)
Accumulated operating provisions	0
Notes payable	4,817,647
Accounts payable	1,058,961
Consumer deposits	933,684
Accrued expenses	1,515,762

Net Rate Base 49,253,808



ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
102.00	ELECTRIC PLANT PURCHASED OR SOLD	1.00		1.00		102.00			
102.10	TEMP SERV RENTALS SUPPLIES PURCH	1.00		1.00		102.10			
107.11	CONSTR W I P-MBLE RADIO COMM SYS	2.00		2.00		107.11			
107.12	CONSTR W I P-GIS FIELD INVENTORY	2.00		2.00		107.12			
107.20	CONSTRUCTION W I P - F/A	2.00		2.00		107.20			
107.21	CONST W.I.P.-OVERHEAD	2.00		2.00		107.21			
107.22	CONST W.I.P-BLDG IMPROVEMENTS	2.00		2.00		107.22			
107.30	CONST W.I.P-SPECIAL EQUIPMENT	2.00		2.00		107.30			
107.31	CONST/EMERG 3-PHASE PADMT TRANSF	1.00		1.00		107.31			
108.60	ACCUM DEPR/DISTRIBUTION PLANT	4.00		4.00		108.60			
108.70	GP ACCUM DEPR-BLDG & IMPROVEMENT	4.00		4.00		108.70			
108.71	GP ACCUM DEPR-FURNITURE & EQUIP	4.00		4.00		108.71			
108.72	GP ACCUM DEPR-VEHICLES	4.00		4.00		108.72			
108.74	GP ACCUM DEPR-GARAGE EQUIP/TOOLS	4.00		4.00		108.74			
108.75	GP ACCUM DEPR-LABORATORY EQUIP	4.00		4.00		108.75			
108.76	GP ACCUM DEPR-POWER OP EQUIP	4.00		4.00		108.76			
108.77	GP ACCUM DEPR-COMMUNICATIO EQUIP	4.00		4.00		108.77			
108.78	GP ACCUM DEPR-MISC. EQUIP	4.00		4.00		108.78			
108.79	GP ACCUM DEPR-TEMPORARY SERVICES	4.00		4.00		108.79			
108.80	RETIREMENT WORK IN PROGRESS	4.00		4.00		108.80			
108.81	RETIREMENT W.I.P.-OVERHEAD	4.00		4.00		108.81			
123.10	PAT CAP FROM ASSOC COOPS-UUS	8.00		7.00		123.10			
123.11	PAT CAP FROM ASSOC COOPS-EKPC	8.00		7.00		123.11			
123.12	PAT CAP FROM ASSOC COOPS-CFC	8.00		7.00		123.12			
123.13	PAT CAP FROM ASSOC COOPS-KAEC	8.00		7.00		123.13			
123.14	PAT CAP ASSOC COOP-SO EASTN DATA	8.00		7.00		123.14			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
123.15	INVESTMENT IN SUBSIDIARY-FESC	7.00		7.00		123.15			
123.16	INVESTM'T IN SUBSIDIARY-ENVISION	7.00		7.00		123.16			
123.17	PAT CAP ASSOC COOP-N R T C	8.00		7.00		123.17			
123.21	SUBSCRIPT'S TO CAP TERM CERT-CFC	10.00		9.00		123.21			
123.22	INVESTMT'S IN CAP TERM CERT-CFC	10.00		9.00		123.22			
123.23	OTHER INVESTM'TS/ASSOC ORGANIZAN	10.00		9.00		123.23			
123.24	OTHER INVESTMT/HART CO MAPPING	10.00		9.00		123.24			
123.25	OTHER INVESTMENTS/FEDERATED INS	10.00		9.00		123.25			
124.00	OTHER INVESTMENTS	12.00		12.00		124.00			
128.00	FRECC/DEPOSIT FOR PCS	13.00		13.00		128.00			
131.00	CASH GEN FDS-EDMONTON STATE BANK	15.00		14.00		131.00	083900732 0126076	EDMONTON STATE BANK	
131.01	CASH CAP CR A/C-EDMONTON STATE	15.00		14.00		131.01	083900732 0101549	EDMONTON STATE BANK	
131.02	CASH - SOUTH CENTRAL BANK	15.00		14.00		131.02	083905012 0600551900	SOUTH CENTRAL BANK	
131.03	CASH -GEN FUNDS-AREA BANK	15.00		14.00		131.03	083900680 5180170865	BB&T BANK	
131.04	CASH-HEALTH INS FD/SOUTH CENTRAL	15.00		14.00		131.04	083905012 600811915	SOUTH CENTRAL BANK	
131.05	CASH-MUNF SERV CNTR--PBI BANK	15.00		14.00		131.05	083904592 400-455-8	PIONEER BANK	
131.06	CASH-SOUTH CENTRAL BK-DENTAL INS	15.00		14.00		131.06	083905012 601024515	SOUTH CENTRAL BANK	
131.07	CASH-GEN FUNDS/EDMONTON STATE BK	15.00		14.00		131.07	083904181 0510718	EDMONTON STATE BANK	
131.08	CD-HEALTH INS/EDMONTON STATE BK	15.00		14.00		131.08	083904181 35602-CD	EDMONTON STATE BANK	
131.10	CASH-PAYROLL-B B & T BANK	15.00		14.00		131.10	083900680 5180162609	BB&T BANK	
131.20	CASH CONSTR FUND-TRUSTEE/ESB	15.00		14.00		131.20	083904181 0510769	EDMONTON STATE BANK	
131.40	TRANSFER OF CASH	15.00		14.00		131.40	083900732 0126076	BB&T BANK	
135.00	WORKING FUNDS	15.00		14.00		135.00			
136.00	TEMPORARY CASH INVESTMENTS	18.00		17.00		136.00			
141.30	NOTES RECEIVABLE - ETS	19.00		18.00		141.30			
141.40	NOTES RECEIVABLE-SPD EC DEV LOAN	19.00		18.00		141.40			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
141.50	NOTES REC/CONSUMER POLE REPLACMT	19.00		18.00		141.50			
142.10	CUSTOMER ACCTS RECEIVABLE/ELEC	20.00		19.00		142.10			
142.12	CUST ACCTS REC/ASSISTANCE VOUCHR	20.00		19.00		142.12			
142.20	CUSTOMER ACCTS REC/UTILITY SERV	21.00		20.00		142.20			
142.30	WARNING SIREN MAINTENANCE	21.00		20.00		142.30			
142.70	CUSTOMER ACCTS RECEIVABLE-CLRING	21.00		20.00		142.70			
143.00	OTHER ACCOUNTS RECEIVABLE	21.00		20.00		143.00			
143.10	ACCTS RECEIVABLE/MATERIAL SALES	21.00		20.00		143.10			
143.20	ACCOUNTS RECEIVABLE/HOMESTEAD FD	21.00		20.00		143.20			
143.30	OTHER A/C REC/JOBS/MATL/PROJ/ETC	21.00		20.00		143.30			
143.40	OTHER ACCOUNTS REC/FIXED J/E	21.00		20.00		143.40			
143.60	OTHER REC/EDMONSON CO IND AUTH	19.00		20.00		143.60			
144.10	ACCUM PROV FOR UNCOLLECTABLE A/C	20.00		19.00		144.10			
146.00	A/R FROM SUBSIDIARY-FTSK	21.00		21.00		146.00			
154.00	PLT MATERIALS & OPR SUPPLIES	22.00		21.00		154.00			
155.00	MERCHANDISE - SCHOOL APPLIANCE	22.00		21.00		155.00			
155.10	MERCHANDISE - LOAD MANAGEMENT	22.00		21.00		155.10			
155.20	MERCHANDISE - METER BASE - ETS	22.00		21.00		155.20			
155.30	MERCHANDISE -ETS UNITS	22.00		21.00		155.30			
155.40	MERCHANDISE - METER BASES	22.00		21.00		155.40			
155.50	MERCHANDISE - SURGE PROTECTION	22.00		21.00		155.50			
155.60	MERCHANDISE/MISCL ENERGY CONSERV	22.00		21.00		155.60			
155.70	MERCHANDISE/MISCL/INSULATION	22.00		21.00		155.70			
155.80	MERCHANDISE/TRANSF SWITCH W/BASE	22.00		21.00		155.80			
163.00	STORES EXPENSE - UNDISTRIBUTED	23.00		22.00		163.00			
163.01	MINOR MATERIAL EXPENSED	23.00		22.00		163.01			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
163.10	STORES/INVENTORY EXPENSED	27.00		27.00		163.10			
163.20	STORES/HOLD JOB 12048 CLOSING	27.00		27.00		163.20			
163.30	STORES/HOLD FOR MISC CORRECTIONS	23.00		22.00		163.30			
163.40	STORES/MATERIAL INVENTORY ADJ'MT	23.00		22.00		163.40			
165.10	PREPAYMENTS - INSURANCE	23.00		22.00		165.10			
165.11	PREPAYMENT-KY WC SURCHARGE	23.00		22.00		165.11			
165.20	OTHER PREPAYMENTS	23.00		22.00		165.20			
165.30	GASOLINE PURCHASES	23.00		22.00		165.30			
181.00	UNAMORTIZED DEBT EXPENSE - CFC	27.00		25.00		181.00			
184.00	TRANSPORTATION EXPENSE/OVERHEAD	27.00		25.00		184.00			
184.10	TRANSPORTATION EXPENSE/CLEARING	27.00		25.00		184.10			
184.11	TRANS EXP/D O T SAFETY REGULATNS	27.00		25.00		184.11			
184.12	TRANS EXP/VEHICLE STOCK ITEMS	27.00		25.00		184.12			
184.20	CLEARING ACCT/OTHER/HEAVY EQUIP	27.00		25.00		184.20			
184.30	PAYROLL DEDUCTION/CLEARING A/C	27.00		25.00		184.30			
184.40	WINTER CARE/CLEARING ACCOUNT	27.00		25.00		184.40			
184.50	CONSUMER RECREATIONAL TICKETS	27.00		25.00		184.50			
186.00	MISCELLANEOUS DEFERRED DEBITS	27.00		25.00		186.00			
186.10	DEFERRED DEBIT/CFC CONVERSION FE	27.00		25.00		186.10			
186.30	CLEARING ACCOUNT/DEPRECIATION	27.00		25.00		186.30			
200.10	MEMBERSHIPS ISSUED	29.00		27.00		200.10			
201.10	PATRONS CAPITAL CREDITS	30.00		28.00		201.10			
217.00	RETIRED CAPITAL CREDITS/GAIN	34.00		32.00		217.00			
219.10	OPERATING MARGINS	31.00		29.00		219.10			
219.20	NON-OPERATING MARGINS	33.00		31.00		219.20			
219.21	NON-OPERATING MARGINS-FESC	33.00		31.00		219.21			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
219.22	NON OPERATING MARGINS-ENVISON	33.00		31.00		219.22			
224.03	LTD-RUS CONSTR NOTES EXECUTED	36.00		34.00		224.03			
224.04	RUS NOTES EXECUTED-CONSTR DEBIT	36.00		34.00		224.04			
224.05	INT ACCRUED-DEFERRED-REA CONSTR	36.00		34.00		224.05			
224.06	ADV PAYM'TS UNAPPLIED-LTD DEBIT	36.00		34.00		224.06			
224.07	LONG TERM DEBT OTHER-FFB	37.00		34.00		224.07			
224.08	FFB NOTES EXECUTED-CONSTR-DEBIT	37.00		34.00		224.08			
224.11	OTHER LONG-TERM DEBT-SUBSCRIPTNS	39.00		36.00		224.11			
224.12	OTHER LONG-TERM DEBT-CFC	39.00		36.00		224.12			
224.13	CFC NOTES EXECUTED - DEBIT	39.00		36.00		224.13			
224.14	OTHER LONG TERM DEBT/MISCL	39.00		40.00		224.14			
224.16	LTD--RUS ECONOMIC DEV NOTES EXEC	40.00		34.00		224.16			
224.17	RUS NOTE EXEC-ECONOMIC DEV-DEBIT	40.00		34.00		224.17			
231.00	NOTES PAYABLE - WEATHERIZATION	46.00		39.00		231.00			
231.10	NOTES PAYABLE - SHORT TERM	46.00		39.00		231.10			
232.03	GENERAL FUNDS/ESB BANK	47.00		40.00		232.03			
232.30	ACCOUNTS PAYABLE	47.00		40.00		232.30			
232.31	ACCOUNTS PAYABLE - OTHER	47.00		40.00		232.31			
235.00	CONSUMER DEPOSITS	48.00		41.00		235.00			
236.10	ACCRUED PROPERTY TAXES	52.00		42.00		236.10			
236.20	ACCRUED TAXES/U S SOC SEC/UNEMPL	52.00		42.00		236.20			
236.30	ACCRUED TAXES - F.I.C.A.	52.00		42.00		236.30			
236.40	ACCRUED TAXES - KY UNEMPLOYMENT	52.00		42.00		236.40			
236.50	ACCRUED TAXES - KY SALES & USE	52.00		42.00		236.50			
237.10	ACCRUED INT-REA CONSTR OBLIGAT'N	52.00		42.00		237.10			
237.11	ACCRUED INT-FFB	52.00		42.00		237.11			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
237.20	ACCRUED INTEREST/MODY PROPERTY	52.00		42.00		237.20			
237.30	OTHER INTEREST ACCRUED - CFC	52.00		42.00		237.30			
237.40	OTHER INTEREST ACCRUED-CONS DEP	52.00		42.00		237.40			
237.50	ACCRUED INTEREST - SHORT TERM	52.00		42.00		237.50			
238.10	PATRONAGE CAPITAL PAYABLE	52.00		42.00		238.10			
241.00	INCOME TAX WITHHELD - FEDERAL	52.00		42.00		241.00			
241.10	INCOME TAX WITHHELD - STATE	52.00		42.00		241.10			
241.20	INCOME TAX WITHHELD - CITY	52.00		42.00		241.20			
241.21	HART COUNTY PAYROLL TAX	52.00		42.00		241.21			
241.22	CITY OF MUNFORDVILLE PAYROLL TAX	52.00		42.00		241.22			
241.25	METCALFE COUNTY PAYROLL TAX	52.00		42.00		241.25			
241.30	3% UTILITY TAX-GRAYSON CO SCHOOL	52.00		42.00		241.30			
241.40	3% UTILITY TAX-GREEN CO SCHOOLS	52.00		42.00		241.40			
241.50	3% UTIL TAX-METCALFE CO SCHOOLS	52.00		42.00		241.50			
241.60	3% UTIL TAX-EDMONSON CO SCHOOLS	52.00		42.00		241.60			
241.70	3% UTIL TAX-ADAIR CO SCHOOLS	52.00		42.00		241.70			
241.80	3% UTIL TAX - BARREN CO SCHOOLS	52.00		42.00		241.80			
241.81	35 UTIL TAX--MONROE CO SCHOOLS	52.00		42.00		241.81			
241.90	3% UTIL TAX - HART CO SCHOOLS	52.00		42.00		241.90			
241.91	3% UTIL TAX - LAURE CO SCHOOLS	52.00		42.00		241.91			
241.92	3% UTIL TAX - CAVERNA SCH DIST	52.00		42.00		241.92			
241.93	3% UTIL TAX - GLASGOW INDPDT SCH	52.00		42.00		241.93			
242.00	ACCRUED LABOR	52.00		42.00		242.00			
242.30	ACCRUED EMPLOYEES VACATION	52.00		42.00		242.30			
242.40	ACCRUED SICK LEAVE - RETIREMENT	52.00		42.00		242.40			
242.50	OTHER CURRENT/ACCRUED LIAB/401K	52.00		42.00		242.50			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
242.60	OTHER CURRENT/ACCR LIA/COLONIAL	52.00		42.00		242.60			
242.70	CURRENT ACCRUED LIA/EMPL MEDICAL	52.00		42.00		242.70			
242.71	CURRENT ACCRUED LIA/DIR MEDICAL	52.00		42.00		242.71			
242.80	OTHER CURRENT/ACCRUED LIA/CANCER	52.00		42.00		242.80			
242.90	MEDICAL & DEP CARE REIMBURSEMENT	52.00		42.00		242.90			
252.00	CUSTOMER ADVANCES/CONSTRUCTION	55.00		44.00		252.00			
253.00	OTHER DEFERRED CREDITS	55.00		44.00		253.00			
303.00	MISCELLANEOUS INTANGIBLE PLANT	1.00		1.00		303.00			
342.00	OPPLT-FUEL HOLDERS, PRODUCERS/ACC	1.00		1.00		342.00			
344.00	OTHER PRODUCTION PLT-GENERATORS	1.00		1.00		344.00			
345.00	OPPLT-ACCESSORY ELECTRIC EQUIP	1.00		1.00		345.00			
362.00	DIST PLT-STATION EQUIPMENT	1.00		1.00		362.00			
364.00	DIST PLT-POLES, TOWERS & FIXTURES	1.00		1.00		364.00			
365.00	DIST PLT-O/H CONDUCTOR & DEVICES	1.00		1.00		365.00			
367.00	DIST PLT-U/G CONDUCT. & DEVICES	1.00		1.00		367.00			
368.00	DIST PLT - LINE TRANSFORMERS	1.00		1.00		368.00			
369.00	DIST PLT - SERVICES	1.00		1.00		369.00			
370.00	DIST. PLT. - METERS-TRADITIONAL	1.00		1.00		370.00			
370.01	DIST. PLT.-AMR-TWAC-METERS, 1-PH	1.00		1.00		370.01			
370.02	DIST. PLT-AMR-TWAC-RECEIVER/EQUIP	1.00		1.00		370.02			
370.03	DIST. PLT.-AMR-TWAC-TRANSFORMERS	1.00		1.00		370.03			
370.04	DIST. PLT.-AMR-TWAC-COMPUTER	1.00		1.00		370.04			
370.05	DIST. PLT.-AMR-TWAC-CONTROL LINKS	1.00		1.00		370.05			
370.10	DIST PLT/AMR REMOVE VOLTAGE MONT	1.00		1.00		370.10			
371.00	DIST PLT-INSTALL/CUST. PREMISE	1.00		1.00		371.00			
372.00	DIST PLT-LEASED PROP/CONS PREM	1.00		1.00		372.00			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
373.00	DIST PLT - ST LIGHT & SIGN. SYS.	1.00		1.00		373.00			
373.10	STREET LIGHTING/CITY OF GLASGOW	1.00		1.00		373.10			
373.20	STREET LIGHTING/CITY--CAVE CITY	1.00		1.00		373.20			
373.30	STREET LIGHTING/METCALFE COUNTY	1.00		1.00		373.30			
373.40	STREET LIGHTING/CITY OF MUNF'VLE	1.00		1.00		373.40			
373.50	STREET LIGHTING/CITY OF EDMONTON	1.00		1.00		373.50			
373.60	STREET LIGHTING/HISEVILLE	1.00		1.00		373.60			
373.70	STREET LIGHTING/BARREN COUNTY	1.00		1.00		373.70			
389.00	GEN PLT-LAND AND LAND RIGHTS	1.00		1.00		389.00			
390.00	GEN PLT - STRUCTURES & IMPRVEMTS	1.00		1.00		390.00			
391.00	GEN PLT-OFFICE FURNITURE & EQUIP	1.00		1.00		391.00			
391.10	OFF/FURN-IBM SYS 34 & SOFTWARE	1.00		1.00		391.10			
391.11	OFF/FURN/HEWLETT PACK'D SYS 3000	1.00		1.00		391.11			
391.12	OFFICE FURN/PRINTERS	1.00		1.00		391.12			
391.13	GEOGRAPHIC INFO SYS/JOINT HDW	1.00		1.00		391.13			
391.14	GEOGRAPHIC INFO SYS/FRE COMP HDW	1.00		1.00		391.14			
391.15	GEOGRAPHIC INFO SYS/JOINT SOFT	1.00		1.00		391.15			
391.16	GEOGRAPHIC INFO SYS/FRE SOFTWARE	1.00		1.00		391.16			
391.17	GEOGRAPHIC INFO SYS/JOINT DATA	1.00		1.00		391.17			
391.18	GEOGRAPHIC INFO SYS/FRECC DATA	1.00		1.00		391.18			
391.20	GEN PLT-OFF/FURN DIGITAL COMPUTR	1.00		1.00		391.20			
391.21	OFFICE FURNITURE-COLOR SCANNER	1.00		1.00		391.21			
391.30	GEN PLANT - IBM PC-AT	1.00		1.00		391.30			
391.40	GEN PLT/THOMSON COLOR MONITOR/PC	1.00		1.00		391.40			
391.50	GEN PLT/386 ENGINEER COMPUTER	1.00		1.00		391.50			
391.60	GEN PLT/WEATHER COMPUTER	1.00		1.00		391.60			

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 E+L M

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
391.70	GEN PLT/LAP TOP COMPUTER	1.00		1.00		391.70			
391.80	GEN PLT/P C UPGRADE - GEE	1.00		1.00		391.80			
391.90	GEN PLT/SMRT TERMINALS/HP 3000	1.00		1.00		391.90			
391.91	GEN PL/COMPACT PRESARIO 500 CDTV	1.00		1.00		391.91			
391.99	GEN PLANT/MUNF SERVICE CENTER	1.00		1.00		391.99			
392.00	GEN PLT/TRANSPORTATION EQUIPM'T	1.00		1.00		392.00			
393.00	GEN PLANT/STORES EQUIPMENT	1.00		1.00		393.00			
394.00	GEN PLT/TOOLS, SHOP, GARAGE EQUIP	1.00		1.00		394.00			
394.10	GEN PLT-SM TOOLS, SHOP, GARAGE EQP	1.00		1.00		394.10			
394.20	SM TOOLS/EMPLOYEE CLIMBING TOOLS	1.00		1.00		394.20			
395.00	GEN PLT-LABORATORY EQUIPMENT	1.00		1.00		395.00			
395.10	GEN PLT-PCB EQUIPMENT	1.00		1.00		395.10			
396.00	GEN PLT-POWER OPERATED EQUIPMENT	1.00		1.00		396.00			
396.10	GEN PLT/PWR OPR/LAWN MOWER	1.00		1.00		396.10			
397.00	GEN PLT - COMMUNICATIONS EQUIPMT	1.00		1.00		397.00			
397.10	GEN PLT/COMM EQUIP/TELEPHONE SYS	1.00		1.00		397.10			
398.00	GEN PLT - MISCELLANEOUS EQUIPM'T	1.00		1.00		398.00			
398.10	GEN PLT/MISC EQP/SURGE PROTECT'N	1.00		1.00		398.10			
398.70	GEN PLT/MISCL EQUIP/INSULATION	1.00		1.00		398.70			
399.00	GEN PLNT/TEMP SERVICE/CONS PREM	1.00		1.00		399.00			
403.60	DEPR EXPENSE/DISTRIBUTION PLANT	32.00	12.00	30.00	12.00	219.10			
403.70	DEPR EXPENSE - GENERAL PLANT	32.00	12.00	30.00	12.00	219.10			
408.10	PROPERTY TAXES - EXPENSES	32.00	13.00	30.00	13.00	219.10			
408.12	TAXES-U S UNEMPLOYMENT	32.00	14.00	30.00	14.00	219.10			
408.13	TAXES-U S SOC SEC - F.I.C.A.	32.00	14.00	30.00	14.00	219.10			
408.14	TAXES - STATE UNEMPLOYMENT - KY	32.00	14.00	30.00	14.00	219.10			

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 E.L.M.

ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
408.16	TAXES - PSC ASSESSMENT	32.00	14.00	30.00	14.00	219.10			
418.10	INCOME (LOSS) OF SUBSIDIARY-FESC	33.00	23.00	30.00	1.00	219.21			
418.11	INCOME (LOSS) OF SUBSIDIARY-ENVS	33.00	23.00	30.00	1.00	219.22			
419.00	INTEREST AND DIVIDEND INCOME	33.00	21.00	31.00	21.00	219.20			
419.30	INTEREST ON NOTE RECEIVABLE-ETS	33.00	21.00	31.00	21.00	219.20			
419.60	INTEREST/ADV L.T.D. PAYMENTS-REA	33.00	21.00	31.00	21.00	219.20			
421.01	GAIN/LOSS ON DISPOSITION OF PROP	33.00	24.00	34.00	24.00	219.20			
421.10	GAIN ON DISPOSITION OF PROPERTY	33.00	24.00	31.00	23.00	219.20			
423.00	G & T CAPITAL CREDITS	33.00	25.00	30.00	24.00	219.10			
424.00	OTHER CAP CRS & PATR. CAP. ALLOC	33.00	26.00	30.00	25.00	219.10			
426.10	DONATIONS	32.00	18.00	30.00	18.00	219.10			
426.11	COOPERATIVE CHRISTMAS FUND	32.00	18.00	30.00	18.00	219.10			
426.12	DONATION/SCHOOL APPLIANCE PROG	32.00	18.00	30.00	18.00	219.10			
426.40	EXPENDITURES/CIVIC, POL. ACTIVITY	32.00	18.00	30.00	18.00	219.10			
426.50	OTHER DEDUCTIONS	32.00	18.00	30.00	18.00	219.10			
427.10	INTEREST/REA CONSTRUCTION LOAN	32.00	15.00	30.00	15.00	219.10			
427.11	INTEREST/FFB	32.00	15.00	30.00	15.00	219.10			
427.20	INTEREST ON OTHER LTD - CFC	32.00	15.00	30.00	15.00	219.10			
427.30	INTEREST/MODY PROPERTY	32.00	15.00	30.00	15.00	219.10			
428.00	AMORTIZATION OF DEBT DISC & EXP	32.00	18.00	30.00	18.00	219.10			
431.00	INTEREST EXP/CONSUMER DEPOSITS	32.00	17.00	30.00	17.00	219.10			
431.10	INTEREST EXPENSE - SHORT TERM	32.00	17.00	30.00	17.00	219.10			
440.10	RESIDENTIAL SALES - RURAL	32.00	1.00	30.00	1.00	219.10			
442.10	COMMERCIAL & INDUSTRIAL SALES/SM	32.00	1.00	30.00	1.00	219.10			
442.20	COMMERCIAL & INDUSTRIAL SALES/LG	32.00	1.00	30.00	1.00	219.10			
444.00	PUBLIC STREET & HIGHWAY LIGHTING	32.00	1.00	30.00	1.00	219.10			

E+M  
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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
450.00	FORFEITED DISC-OTHER OPERT'G REV	32.00	1.00	30.00	1.00	219.10			
451.00	MISCELLANEOUS SERVICE REVENUE	32.00	1.00	30.00	1.00	219.10			
451.10	MISC SERV REV/TRIP CHARGES	32.00	1.00	30.00	1.00	219.10			
451.20	MISC SERV REV/CHECK CHARGES	32.00	1.00	30.00	1.00	219.10			
451.30	MISC SERVICE REVENUE-ETS UNITS	32.00	1.00	30.00	1.00	219.10			
451.40	MISC SERV REV/RECONNECT REG HRS	32.00	1.00	30.00	1.00	219.10			
451.50	MISC SERV REV/RECONNECT O.T. HRS	32.00	1.00	30.00	1.00	219.10			
451.60	MISC SERV REV/METER TEST FEES	32.00	1.00	30.00	1.00	219.10			
451.70	MISCL SERV REV/INSULATION PROG	32.00	1.00	30.00	1.00	219.10			
451.80	MISC SERV REVENUE/INSPECTIONS	32.00	1.00	30.00	1.00	219.10			
451.90	EKPC MARKETING REBATE/REVENUE	32.00	1.00	30.00	1.00	219.10			
454.00	RENT FROM ELECTRIC PROPERTY	32.00	1.00	30.00	1.00	219.10			
456.00	OTHER ELECTRIC REVENUE	32.00	1.00	30.00	1.00	219.10			
456.01	RENTAL HOUSES/BROADWAY	32.00	1.00	30.00	1.00	219.10			
456.02	RENT/HOUSE ON LEWIS STREET	32.00	1.00	30.00	1.00	219.10			
456.03	RENTAL INCOME - FTSK	32.00	1.00	30.00	1.00	219.10			
456.10	REVENUE/TEMPORARY SERVICE RENT	32.00	1.00	33.00	1.00	219.10			
456.50	FTSK/REIMBURSEMENT FOR SERVICES	32.00	1.00	33.00	1.00	219.10			
555.00	PURCHASED POWER	32.00	3.00	30.00	3.00	219.10			
580.00	OPERATIONS, SUPERVISION & ENG	32.00	5.00	30.00	5.00	219.10			
581.00	LOAD MGMT.-DEMAND REDUCERS	32.00	5.00	30.00	5.00	219.10			
583.00	OVERHEAD LINE EXPENSE	32.00	5.00	30.00	5.00	219.10			
583.10	OVERHEAD LINE EXPENSE - PCB	32.00	5.00	30.00	5.00	219.10			
583.20	MAINT-OVERHEAD LINE-CONTRACTORS	32.00	5.00	30.00	5.00	219.10			
586.00	METER EXPENSE	32.00	5.00	30.00	5.00	219.10			
586.10	METER EXP/PWR DIVERSION INVESTG	32.00	5.00	30.00	5.00	219.10			

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ACCOUNT	DESCRIPTION	-----RUS-----		-----TVA-----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
587.00	CONSUMER INSTALLATION EXPENSE	32.00	5.00	30.00	5.00	219.10			
587.10	CONSUMER INSPECTION EXPENSE	32.00	5.00	30.00	5.00	219.10			
587.20	CUST INSPECTION EXP/HAZARDOUS	32.00	5.00	30.00	5.00	219.10			
587.30	ETS PROGRAM - LABOR ONLY	32.00	5.00	30.00	5.00	219.10			
587.40	MISCL EXP/TEMP SERV RNTL REPAIRS	32.00	5.00	33.00	5.00	219.10			
587.50	MISCL EXP/SURGE PROTECTOR	32.00	5.00	33.00	5.00	219.10			
588.00	MISCELLANEOUS DISTRIBUTION EXP	32.00	5.00	30.00	5.00	219.10			
588.11	GEOGRAPHIC INFORMATION SYS/MAINT	32.00	5.00	30.00	5.00	219.10			
589.00	POLE RENTAL	32.00	5.00	30.00	5.00	219.10			
593.00	MAINTENANCE OF OVERHEAD LINES	32.00	6.00	30.00	6.00	219.10			
593.01	MAINTENANCE OF LINE/EMERG REPAIR	32.00	6.00	30.00	6.00	219.10			
593.02	MAINTENANCE/MAJOR STORM DAMAGE	32.00	6.00	30.00	6.00	219.10			
593.03	MAINTENANCE/ICE STORM DISASTER	32.00	6.00	30.00	6.00	219.10			
593.04	MAINTENANCE OF LINE/MAJOR STORM	32.00	6.00	30.00	6.00	219.10			
593.05	MAINT/STORM DAMAGE/APRIL 98	32.00	6.00	30.00	3.00	219.10			
593.10	MAINTENANCE OF RIGHT OF WAY	32.00	6.00	30.00	6.00	219.10			
593.11	FREC/HOT SPOT CLEARING/HAND	32.00	6.00	30.00	6.00	219.10			
593.12	FREC/HOT SPOT CLRING/MOWING B/H	32.00	6.00	30.00	6.00	219.10			
593.13	FREC/HOT SPOT CLEARING/CHEMICAL	32.00	6.00	30.00	6.00	219.10			
593.14	FREC/AREA CLEARING/HAND	32.00	6.00	30.00	6.00	219.10			
593.15	FREC/AREA CLRING/MOWING B/H	32.00	6.00	30.00	6.00	219.10			
593.16	FREC/AREA CLEARING/CHEMICAL	32.00	6.00	30.00	6.00	219.10			
593.17	R/W MAJOR EQUIPMENT	32.00	6.00	30.00	6.00	219.10			
593.18	R/W SMALL TOOLS	32.00	6.00	30.00	6.00	219.10			
593.19	R/W FOUL WEATHER	32.00	6.00	30.00	6.00	219.10			
593.21	CONTRACTORS/AREA CLEARING/HAND	32.00	6.00	30.00	6.00	219.10			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
593.22	FREC/R/W SICK LEAVE & HOLIDAY	32.00	6.00	30.00	6.00	219.10			
593.23	CONTRACTORS/AREA CLEARING/MOWING	32.00	6.00	30.00	6.00	219.10			
593.24	CONTRACTORS/HOT SPOT CLRING/HAND	32.00	6.00	30.00	6.00	219.10			
593.25	CONT/AREA CLEARING-CHEMICAL	32.00	6.00	30.00	6.00	219.10			
593.26	FRE/AREC HAND CLRING/CYC 2	32.00	6.00	30.00	6.00	219.10			
593.27	FRE/AREA MOWING CLRING/CYC 2	32.00	6.00	30.00	6.00	219.10			
593.28	FRE/AREA CHEMICAL CLRING/CYC 2	32.00	6.00	30.00	6.00	219.10			
593.29	CONT/AREA HAND CLRING/CYC 2	32.00	6.00	30.00	6.00	219.10			
593.30	MAINTENACE OF POLES	32.00	6.00	30.00	6.00	219.10			
593.31	CONT/AREA MOWING CLRING/CYC 2	32.00	6.00	30.00	6.00	219.10			
593.32	CONT/AREA CHEMICAL CLRING/CYC 2	32.00	6.00	30.00	6.00	219.10			
593.40	MAINTENANCE OF LINE INSPECTION	32.00	6.00	30.00	6.00	219.10			
595.00	MAINTENANCE OF LINE TRANSFORMERS	32.00	6.00	30.00	6.00	219.10			
595.01	MAINT OF TRANSF/EMERG REAPIRS	32.00	6.00	30.00	6.00	219.10			
595.02	MAINT/TRANSF-MAJOR STORM DAMAGE	32.00	6.00	30.00	6.00	219.10			
595.10	VOLTAGE REGULATOR MAINTENANCE	32.00	6.00	30.00	6.00	219.10			
597.00	MAINTENANCE OF METERS	32.00	6.00	30.00	6.00	219.10			
598.00	MAINTENANCE OF MISC DISTR PLANT	32.00	6.00	30.00	6.00	219.10			
598.10	STREET LIGHT/OVERHEAD EXPENSE	32.00	6.00	30.00	6.00	219.10			
598.50	FTSK-BILLABLE SERVICES	32.00	1.00	30.00	1.00	219.10			
901.00	SUPERVISION	32.00	7.00	30.00	7.00	219.10			
902.00	METER READING EXPENSE	32.00	7.00	30.00	7.00	219.10			
903.00	CUST RECORDS & COLLECTION EXPENS	32.00	7.00	30.00	7.00	219.10			
903.10	CASH -- LONG AND SHORT	32.00	7.00	30.00	7.00	219.10			
904.00	UNCOLLECTIBLE ACCOUNTS	32.00	7.00	30.00	7.00	219.10			
904.10	UNCOLLECTIBLE/OTHER A/R	32.00	7.00	30.00	7.00	219.10			

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ACCOUNT	DESCRIPTION	----RUS----		----TVA----		MARGIN ACCOUNT	INACTIVE	BANK TRANSIT BANK ACCOUNT	BANK NAME
		B/S LINE	INC LINE	B/S LINE	INC LINE				
908.00	CUSTOMER ASSISTANCE EXPENSE	32.00	8.00	30.00	8.00	219.10			
908.10	CUSTOMER SATELLITE TV PROGRAM'NG	32.00	8.00	30.00	8.00	219.10			
908.20	SCHOOL APPLIANCE PROGRAM	32.00	8.00	30.00	8.00	219.10			
908.30	ETS EXPENSE	32.00	8.00	30.00	8.00	219.10			
908.50	SURGE PROTECTION/EXPENSE	32.00	8.00	30.00	8.00	219.10			
908.60	ENRGY CONSERVATION/EXP BUTTON UP	32.00	8.00	30.00	8.00	219.10			
908.70	ENERGY CONSERVATN/INSULATION EXP	32.00	8.00	30.00	8.00	219.10			
909.00	PUBLIC SAFETY AWARENESS	32.00	8.00	30.00	8.00	219.10			
912.00	MARKETING EXPENSE	32.00	8.00	30.00	8.00	219.10			
920.00	ADMINISTRATIVE & GEN'L SALARIES	32.00	10.00	30.00	10.00	219.10			
920.10	CAPITAL CREDIT REFUNDS-EXPENSE	32.00	10.00	30.00	10.00	219.10			
921.00	OFFICE SUPPLIES AND EXPENSE	32.00	10.00	30.00	10.00	219.10			
923.00	OUTSIDE SERVICES EMPLOYED	32.00	10.00	30.00	10.00	219.10			
924.00	PROPERTY INSURANCE	32.00	10.00	30.00	10.00	219.10			
925.00	INJURIES AND DAMAGES	32.00	10.00	30.00	10.00	219.10			
926.00	EMPL TRAINING/EDUCATIONAL PROG	32.00	10.00	30.00	10.00	219.10			
926.01	EMPL BENEFIT/LINEMAN'S TRAINING	32.00	10.00	30.00	10.00	219.10			
926.10	EMPLOYEE BENEFITS	32.00	10.00	30.00	10.00	219.10			
928.00	REGULATROY COMMISSION EXPENSES	32.00	10.00	30.00	10.00	219.10			
930.10	GENERAL ADVERTISING EXPENSES	32.00	10.00	30.00	10.00	219.10			
930.20	MISCELLANEOUS GENERAL EXPENSE	32.00	10.00	30.00	10.00	219.10			
930.21	ANNUAL MEETING EXPENSE	32.00	10.00	30.00	10.00	219.10			
930.23	PUBLIC RELATIONS & IMAGE	32.00	10.00	30.00	10.00	219.10			
930.30	DIRECTOR'S FEES AND EXPENSES	32.00	10.00	30.00	10.00	219.10			
930.31	DIRECTORS ELECTION EXPENSE	32.00	10.00	30.00	10.00	219.10			
932.00	MAINTENANCE OF GENERAL PLANT	32.00	10.00	30.00	10.00	219.10			

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FARMERS RURAL ELECTRIC COOP  
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ACCOUNT MASTER LISTING  
 ALL ACCOUNTS

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ACCOUNT DESCRIPTION

932.01 MAINTENANCE/SUB-STATION MOWING  
 932.10 MAINTENANCE/HOUSE ON BROADWAY  
 932.11 MAINTENANCE/HOUSE ON LEWIS ST

----RUS----		----TVA----		MARGIN	INACTIVE	BANK TRANSIT
B/S	INC	B/S	INC	ACCOUNT		BANK ACCOUNT
LINE	LINE	LINE	LINE			
32.00	10.00	30.00	10.00	219.10		
32.00	10.00	30.00	10.00	219.10		
32.00	10.00	30.00	10.00	219.10		
TOTAL ACCOUNTS				367		
INCOME				139		
BAL/SHEET				228		

BANK NAME

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**FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION  
GLASGOW, KENTUCKY**

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**REPORT ON AUDIT OF CONSOLIDATED  
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**

**For the Years Ended  
December 31, 2007 and 2006**

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CAMPBELL, MYERS & RUTLEDGE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

5th ed  
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Independent Auditors' Report

WILLIAM E. MYERS, CPA  
R. BRENT BILLINGSLEY, CPA  
MELANIE R. REED, CPA

Board of Directors  
Farmers Rural Electric  
Cooperative Corporation  
Glasgow, Kentucky 42141

We have audited the accompanying consolidated balance sheets of Farmers Rural Electric Cooperative Corporation and Subsidiary, as of December 31, 2007 and 2006, and the related consolidated statements of revenue, patronage capital and memberships and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Cooperative's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Farmers Rural Electric Cooperative Corporation and Subsidiary, as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued our report dated February 18, 2008, on our consideration of Farmers Rural Electric Cooperative Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considering in assessing the results of our audit.

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants

February 18, 2008

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
BALANCE SHEETS  
December 31, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>	MEMBERS' EQUITIES AND LIABILITIES	<u>2007</u>	<u>2006</u>
Electric plant, at cost (Notes 1 and 3) :			Members' equities:		
Electric plant in service	\$ 62,526,000	\$ 58,276,661	Memberships	\$ 525,775	\$ 517,265
Construction work in progress	<u>206,679</u>	<u>197,798</u>	Patronage capital (Note 5)	19,080,669	19,322,792
	62,732,679	58,474,459	Other equities (Note 6)	<u>1,126,602</u>	<u>1,054,539</u>
Less accumulated depreciation (Note 1)	<u>17,055,118</u>	<u>16,471,827</u>	Total members' equities	<u>20,733,046</u>	<u>20,894,596</u>
	45,677,561	42,002,632	Minority interests (Note 1)	<u>252,812</u>	<u>234,630</u>
Electric plant, net	<u>45,677,561</u>	<u>42,002,632</u>	Total equities	<u>20,985,858</u>	<u>21,129,226</u>
Other assets and investments:			Long-term debt less current maturities (Note 3)	<u>34,517,677</u>	<u>32,399,533</u>
Investments in subsidiary companies (Note 1)	982,368	912,020	Current liabilities:		
Investments in associated organizations (Note 2)	9,506,037	9,455,596	Current portion of long-term debt (Note 3)	1,118,000	1,031,200
Other investments (Note 1)	<u>-</u>	<u>-</u>	Line of credit-CFC-Power bill	1,904,475	-
	10,488,405	10,367,616	Accounts payable	586,315	240,367
Total other assets	<u>10,488,405</u>	<u>10,367,616</u>	Customer deposits	891,494	841,195
Current assets:			Accrued expenses	<u>1,490,513</u>	<u>1,487,975</u>
Cash and cash equivalents (Notes 1 and 11)	1,023,737	641,294	Total current liabilities	<u>5,990,797</u>	<u>3,600,737</u>
Accounts and notes receivable, less allowance			Customer advances for construction	<u>271,479</u>	<u>279,150</u>
for doubtful accounts of \$146,627 in			Commitments and contingencies	<u>-</u>	<u>-</u>
2007 and \$77,119 in 2006	3,782,013	3,698,279	(Notes 9 and 10)		
Materials and supplies, at average cost	583,257	495,178			
Prepaid expenses	<u>175,990</u>	<u>165,045</u>			
Total current assets	<u>5,564,997</u>	<u>4,999,796</u>			
Deferred charges (Note 4)	<u>34,848</u>	<u>38,602</u>			
	<u>\$ 61,765,811</u>	<u>\$ 57,408,646</u>		<u>\$ 61,765,811</u>	<u>\$ 57,408,646</u>

The accompanying notes are an integral part of the financial statements.

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## FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

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## AND SUBSIDIARY

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## STATEMENTS OF REVENUE

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues	<u>\$41,197,244</u>	<u>\$37,465,469</u>
Operating expenses:		
Cost of power (Notes 1 and 10)	31,178,680	28,046,870
Distribution - operations	822,794	841,035
Distribution - maintenance	2,246,139	1,806,287
Consumer accounts	1,040,265	903,141
Customer services and informational expense	283,693	259,040
Administrative and general	1,623,940	1,536,860
Depreciation (Note 1)	1,867,901	1,745,792
Taxes	<u>432,321</u>	<u>380,789</u>
Total operating expenses	<u>39,495,733</u>	<u>35,519,814</u>
Operating margins	1,701,511	1,945,655
Interest on long-term debt to RUS and CFC	<u>1,834,784</u>	<u>1,741,847</u>
Operating margins after fixed charges	(133,273)	203,808
G & T and other capital credits	<u>92,487</u>	<u>60,677</u>
Net operating margins	<u>(40,786)</u>	<u>264,485</u>
Nonoperating margins:		
Interest income, net of expenses of \$51,997 in 2006 and \$43,687 in 2005	72,799	95,343
Other net nonoperating income (loss) (Note 1)	<u>119,803</u>	<u>146,038</u>
	<u>192,602</u>	<u>241,381</u>
Net margins	<u>\$ 151,816</u>	<u>\$ 505,866</u>

The accompanying notes are an integral  
part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION AND SUBSIDIARY  
 STATEMENTS OF PATRONAGE CAPITAL AND MEMBERSHIPS  
 For the Years Ended December 31, 2007 and 2006

	Memberships	Patronage Capital (Note 5)					Total
		Unassigned	Assignable	Assigned	Retired	Distributed	
Balances, January 1, 2006	\$ 505,175	\$ -0-	\$ 362,970	\$ 28,793,666	\$ (433,712)	\$ (9,629,848)	\$ 19,093,076
Increase in memberships, net of terminations	12,090	-	-	-	-	-	-
Net margins for the year ended December 31, 2006	-	-	505,866	-	-	-	505,866
Assignment of patronage capital for the year ended December 31, 2005 and old unassigned margins	-	-	(460,206)	460,206	-	-	-
Retirement of patronage capital of estates of deceased members and adjustments	-	-	-	-	-	-	-
Distributions of patronage capital	-	-	-	-	-	(276,150)	(276,150)
Balances, December 31, 2006	517,265	-	408,630	29,253,872	(433,712)	(9,905,998)	19,322,792
Increase in memberships, net of terminations	8,510	-	-	-	-	-	-
Net margins for the year ended December 31, 2007	-	-	151,816	-	-	-	151,816
Assignment of patronage capital for the year ended December 31, 2006	-	-	(408,056)	408,056	-	-	-
Retirement of patronage capital of estates of deceased members and adjustments	-	-	-	-	-	-	-
Distributions of patronage capital	-	-	-	-	-	(393,939)	(393,939)
Balances, December 31, 2007	<u>\$ 525,775</u>	<u>\$ -0-</u>	<u>\$ 152,390</u>	<u>\$ 29,661,928</u>	<u>\$ (433,712)</u>	<u>\$ (10,299,937)</u>	<u>\$ 19,080,669</u>

The accompanying notes are an integral part of the financial statements.

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FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
AND SUBSIDIARY

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STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Net margins	\$ 151,816	\$ 505,866
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,039,382	1,958,507
Provision for losses on accounts receivable	180,000	72,000
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(83,734)	420,190
(Increase) decrease in inventory	(88,079)	(132,693)
(Increase) decrease in prepaid expenses	(10,945)	6,515
Increase (decrease) in accounts payable	345,948	(67,426)
Increase in customer deposits	50,299	81,510
Increase (decrease) in accrued expenses	2,538	88,886
Increase (decrease) in customer advances for construction	(7,671)	(4,595)
(Increase) decrease in deferred charges	<u>3,754</u>	<u>26,304</u>
Net cash provided by operating activities	<u>2,583,308</u>	<u>2,955,064</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(5,490,648)	(3,753,621)
Plant removal costs	(409,004)	(457,253)
Salvage recovered from retirement of Plant	5,341	87
Investments in subsidiary companies (Note 1)	(70,348)	(158,470)
(Increase) decrease in other investments	-	(30,531)
(Increase) decrease in investment in associated organizations and other investments	<u>(50,441)</u>	<u>(20,295)</u>
Net cash used in investing activities	<u>(6,015,100)</u>	<u>(4,420,083)</u>

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
AND SUBSIDIARY

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STATEMENTS OF CASH FLOWS, CONCLUDED  
For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from financing activities:		
Memberships issued	\$ 8,510	\$ 12,090
Distributions of patronage capital	(393,939)	(276,150)
Retired capital credits - Gain	72,063	51,190
Minority interest - subsidiary	18,182	33,179
Principal payments to RUS	(470,280)	(23,456)
Principal payments to CFC	(229,847)	(214,262)
Advance line of credit - short-term - CFC	1,904,475	-
Loan advances from RUS/FFB	3,228,000	2,000,000
Principal payments to RUS/FFB	<u>(322,929)</u>	<u>(258,887)</u>
Net cash provided (used) by financing activities	<u>3,814,235</u>	<u>1,323,704</u>
Increase (decrease) in cash and cash equivalents	382,443	(141,315)
Cash and cash equivalents at beginning of year	<u>641,294</u>	<u>782,609</u>
Cash and cash equivalents at end of year (Note 1)	<u>\$ 1,023,737</u>	<u>\$ 641,294</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 1,852,906	\$ 1,721,807
Income taxes	-0-	-0-

The accompanying notes are an integral part of the financial statements.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies:

Principles of Consolidation:

The consolidated financial statements include the accounts of Farmers Rural Electric Cooperative Corporation and its 75% owned subsidiary, Farmers Energy Services Corporation. All material intercompany transactions have been eliminated in consolidation.

General:

The Cooperative maintains its records in accordance with policies prescribed or permitted by Kentucky Public Service Commission and United States Department of Agriculture, Rural Utilities Service, which conform in all material respects with generally accepted accounting principles. The more significant of these policies are as follows:

Nature of Business:

Farmers Rural Electric Cooperative Corporation provides electric service in an eight-county area of south central Kentucky. The Cooperative grants credit to customers, substantially all of whom are local residents and commercial businesses.

Utility Plant:

Utility plant is stated substantially at original cost, net of contributions, which is the cost when first dedicated to public service. Such cost includes applicable supervisory and overhead cost. The Cooperative does not capitalize interest during construction.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to utility plant. The cost of units of property replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation. When property is sold, gain or loss is reflected in income.

The major classifications of electric plant in service at December 31, 2007 and 2006, were:

	<u>2007</u>	<u>2006</u>
Distribution Plant	\$55,841,718	\$52,973,771
General Plant	<u>6,684,282</u>	<u>5,302,890</u>
	<u>\$62,526,000</u>	<u>\$58,276,661</u>

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies, Continued:

Depreciation:

Provision has been made for depreciation on the basis of estimated lives of assets, using the straight-line method. Distribution plant depreciation is based on a composite rate of three and twenty-four hundredths percent (3.24%) per annum.

The following depreciation rates for the components of the general plant were in effect as of December 31, 2007 and 2006:

Structures and Improvements	2.5%
Office Furniture and Fixtures	20.0%
Transportation and Communication Equipment	14.0%
Power-Operated Equipment	12.0%
Office Equipment and Computers	20.0%
Telephone Equipment	14.0%
Other General Plant	6.0%

Depreciation for the years ended December 31, 2007 and 2006 was \$2,039,382 and \$1,958,507 respectively, of which \$1,867,901 in 2007 and \$1,745,792 in 2006 was charged to depreciation expense and \$171,481 in 2007 and \$212,715 in 2006 was allocated to plant and other operating expenses based on usage.

Revenue and Cost of Power:

Revenue and the related expense for cost of power sold are recorded in the period subsequent to that of consumer usage and purchase by the Cooperative, rather than during the period in which the energy is consumed. The Cooperative does not accrue amounts receivable for power sold. Operating revenue and cost of purchased power include increases (decreases) under the fuel clause adjustment of approximately \$3,567,782 for the year ended December 31, 2007, and \$3,517,701 for the year ended December 31, 2006.

Income Tax Status:

The Cooperative is exempt from federal and state income taxes under Code Section 501(c)(12) because more than 85% of its revenue is received from members. Accordingly, the financial statements include no provision for income taxes.

Investment in Subsidiary Companies:

This balance represents the Cooperative's investments in affiliates, together with other Cooperatives, for the purpose of providing other energy services and products. These investments are accounted for using the equity method.



Exhibit  
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FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

2. Investments in Associated Organizations:

Investments in associated organizations as of December 31, 2007 and 2006, are listed as follows:

	<u>2007</u>	<u>2006</u>
East Kentucky Power Cooperative, Inc.	\$ 8,154,740	\$ 8,154,740
National Rural Utilities Cooperative Finance Corporation	836,388	837,636
Other	514,909	463,822
	<u>\$ 9,506,037</u>	<u>\$ 9,455,596</u>

Investments in National Rural Utilities Cooperative Finance Corporation consist of a membership fee and capital term certificates. Patronage capital from associated organizations is recorded at the stated amount of the certificate.

3. Long-Term Debt:

All assets, except motor vehicles are pledged as collateral for the long-term debt to the United States of America and National Rural Utilities Cooperative Finance Corporation under a joint mortgage agreement.

Long-term debt at December 31, 2007 and 2006, consisted of:

	<u>2007</u>	<u>2006</u>
Due United States of America:		
2% First Mortgage Notes	\$ -0-	\$ 29,781
5% First Mortgage Notes	5,141,517	5,501,295
5.12% First Mortgage Notes - Variable Rate	2,012,617	2,051,574
4.125 to 4.5% First Mortgage Notes - Variable Rate	1,907,575	1,949,339
5.49% Mortgage Note - FFB	4,260,850	4,329,413
5.62% Mortgage Note - FFB	418,309	424,903
4.353 to 4.93% Mortgage Note - FFB - Variable Rate	<u>17,699,964</u>	<u>14,719,736</u>
Total due United States of America	<u>31,440,832</u>	<u>29,006,041</u>
Due National Rural Utilities Cooperative Finance Corporation:		
6.75% to 7% First Mortgage Notes	<u>4,194,845</u>	<u>4,424,692</u>
	35,635,677	33,430,733
Less current maturities	<u>(1,118,000)</u>	<u>(1,031,200)</u>
	<u>\$ 34,517,677</u>	<u>\$ 32,399,533</u>

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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In June, 2000, the Cooperative received approval from the Federal Financing Bank – Rural Utilities Service for a loan in amount of \$5,053,000. This loan is for a period of thirty-five years and bears interest at the approximate rate of 5.5%. The total amount of this loan was advanced to the Cooperative in January, 2001. Principal payments began June 30, 2002, and are due quarterly.

In May, 2003, the Cooperative received approval from the Federal Financing Bank – Rural Utilities Service for a loan in the amount of \$18,228,000. This loan is for a period of thirty-five years, is payable quarterly, and currently bearing a variable interest rate of approximately 2%. As of December 31, 2007, \$18,228,000 of the loan funds have been advanced. The loan is being used for additional line extensions, system wide improvements and to reimburse the general fund for construction completed in prior years.

The long-term debt payable to the United States of America is due in quarterly and monthly installments of varying amounts through 2037. During the year ending December 31, 2008, installments estimated at \$2,457,200 will include approximately \$844,000 of principal and \$1,573,200 of current interest.

The long-term debt payable to the National Rural Utilities Cooperative Finance Corporation is due in quarterly installments of varying amounts through 2032. During the year ending December 31, 2008, installments estimated at \$516,000 will include approximately \$234,000 of principal and \$282,000 of current interest.

The Cooperative has available a line of credit for short-term loans of up to \$5,000,000 with National Rural Utilities Cooperative Finance Corporation extending to February 28, 2009. The maximum interest rate is to be the prevailing bank prime rate published in the "money rates" column of The Wall Street Journal plus one percent (1%) per annum. At December 31, 2006, the balance of the line-of-credit was \$3,000,000. During the month of December, 2007, the Cooperative used \$1,904,475 of the line-of-credit to pay for the power bill.

The maturities of long-term debt for each of the five years succeeding the balance sheet are as follows:

2007	\$1,118,000
2008	1,300,000
2009	1,400,000
2010	1,400,000
2011	1,400,000

4. Deferred Charges:

Following is a summary of amounts recorded as deferred charges as of December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Transportation Expense	\$ 814	\$ 816
Work Plan Costs (Four Year)	14,886	13,218
Business Forms	516	436
EDP Support Agreement/Maintenance	12,272	21,338
Maintenance Agreements	<u>6,360</u>	<u>2,794</u>
	<u>\$ 34,848</u>	<u>\$ 38,602</u>

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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5. Return of Capital:

Under provisions of the long-term debt agreement, return to patrons of capital contributed by them is limited to amounts which would not allow the total members' equities to be less than forty percent (40%) of total assets, except that distributions may be made to estates of deceased patrons.

The debt agreement provides, however, that should such distributions to estates not exceed twenty-five percent (25%) of net margins for the next preceding year, the Cooperative may distribute the difference between twenty-five percent (25%) and the payments made to such estates.

Capital credit retirements in the amount of \$393,939 and \$276,150 were paid for the years ended December 31, 2007 and 2006.

6. Other Equities:

At December 31, 2007 and 2006 other equities consisted of retired capital credits - gain in amounts of \$1,126,602 and \$1,054,539, respectively.

7. Pension Plan:

Pension benefits for substantially all employees are provided through participation in the NRECA Retirement and Security Program. It is the policy of the Cooperative to fund pension costs accrued. Due to the good investment performance, a moratorium was declared on all employer contributions to the Retirement and Security Program for the period July 1, 1987 through December 31, 1988, in order to keep the program from moving ahead of its funding schedule. This moratorium was then extended through all of 1993. The moratorium on employer contributions ended in June, 1994, with the collection of all past service costs. Beginning in November, 1994, the program accepted contributions from November, 1994 through April, 1995, then contributions were resumed in October, 1996. Pension costs for 2007 and 2006 were \$412,191 and \$396,375, respectively. The NRECA Retirement and Security Program is a master multiple-employer non-contributory defined benefit plan, and it has been approved as a qualified tax-exempt plan by the Internal Revenue Service. As the Cooperative is only one of several employers participating in the Plan, it is not practical to determine if the vested benefits of the Cooperative's employees exceed the Cooperative's portion of the plan assets.

The accumulated plan benefit information using the latest actuarial information applicable for each plan year as follows:

	December 31, 2006	December 31, 2005
Accumulated benefit obligation	\$ Unavailable	\$ Unavailable
Plan assets at fair value	5,214,714,342	4,801,676,519
Plan assets in excess of the accumulated benefit obligation	\$ Unavailable	\$ Unavailable

Additionally, the Cooperative has a 401-(K) Plan. The terms of the Plan call for an elective contribution from employees of ½% or more of their salaries while the Cooperative contributes ½% of their salary. Total pension expenses related to the Plan for 2007 and 2006 were \$14,201 and \$13,243.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONCLUDED

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8. Self-Funded Health Insurance Plan:

In October, 1995, the Cooperative's Board of Directors approved the establishment of the FRECC Group Medical Program. The Plan is self-funded and is re-insured through Legion Insurance Company. The Plan was designed to duplicate the Cooperative's prior plan. The third-party administrator is North America Administrators. The Cooperative is protected against any individual claim in excess of \$30,000 and any aggregate claims in excess of \$876,137 by the re-insurance. The current funding levels are designed to allow for the maximum claim liability that the Cooperative could incur under the Plan. At December 31, 2007, the Cooperative held \$436,830 in cash designated for payment of these claims.

9. Contingent Liability:

The Cooperative is contingently liable as guarantor for approximately \$257,000 of loans made by the United States of America and National Rural Utilities Cooperative Finance Corporation to East Kentucky Power Cooperative, Inc. Substantially all assets of this Corporation are pledged as collateral for this guarantee, in addition to the pledge in the mortgage agreement referred to in Note 3. This contingent liability is part of an overall financing plan for the construction of a new generating facility near Maysville, Kentucky.

10. Related Party Transactions:

The Cooperative is a member of the National Rural Utilities Cooperative Finance Corporation, which furnishes a portion of the Cooperative's financing.

The Cooperative is a member of East Kentucky Power Cooperative which is a generating and transmission cooperative. The Cooperative has entered into an agreement with East Kentucky Power Cooperative to supply substantially all of the Cooperative's future power needs. Under its wholesale power agreement, the Cooperative has agreed to purchase the majority of its electric power and energy requirements from East Kentucky Power Cooperative until January, 2040. Changes in rates are refunded to or recovered from the Cooperative's customers through a cost of power adjustment.

11. Cash and Cash Equivalents:

All deposits are in various financial institutions and are carried at cost.

	2007		2006	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 293,400	\$ 313,870	\$ 323,476	\$ 315,413
Uninsured:				
Uncollateralized	730,337	810,790	317,818	436,667
Total deposits	\$1,023,737	\$ 1,124,660	\$ 641,294	\$ 752,080

12. Litigation:

The Cooperative is subject to claims and investigations that arise in the ordinary course of business. One legal investigation is ongoing, and the Cooperative intends to vigorously contest any alleged violations. Management and the Cooperative's legal counsel do not anticipate any material effect on the Cooperative's financial statements as a result of these actions.

13. Subsequent Events:

The board approved borrowing an additional \$1,808,000 from FFB to make the total loan \$17,402,000. This additional loan, when approved, will be used for a mapping system and a radio system.

The board authorized management to notify the PSC that the Cooperative will be asking for a rate increase. The board is asking for the rate increase so the Cooperative will meet loan agreement requirements. The Cooperative's intention is to have the rate case to the PSC by May, 2008.

**CAMPBELL, MYERS & RUTLEDGE, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report  
on Consolidating Information

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Board of Directors  
Farmers Rural Electric  
Cooperative Corporation  
Glasgow, Kentucky 42141

Our report on our audits of the consolidated financial statements of Farmers Rural Electric Cooperative Corporation and Subsidiary for 2007 and 2006 appears on page one. Those audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in Schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants

February 18, 2008

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
SCHEDULE I - CONSOLIDATING BALANCE SHEET  
December 31, 2007

ASSETS	Farmers Rural Electric Cooperative Corporation, Inc.	Farmers Energy Services Corporation	Consolidating Entries	Consolidated Totals
Electric plant, at cost				
Electric plant in service	\$ 62,526,000	\$ -0-	\$ -0-	\$ 62,526,000
Construction work in progress	206,679	-	-	206,679
	62,732,679	-	-	62,732,679
Less accumulated depreciation	17,055,118	-	-	17,055,118
Electric plant, net	45,677,561	-	-	45,677,561
Other assets and investments:			(1) (780,000)	
Investments in subsidiary companies	784,116	956,689	(2)21,563	982,368
Investments in associated organizations	9,506,037	-	-	9,506,037
Other investments	-	-	-	-
Total other assets	10,290,153	956,689	(758,437)	10,488,405
Current assets:				
Cash and cash equivalents	969,177	54,560	-	1,023,737
Accounts and notes receivable, less allowance for doubtful accounts of \$77,119 in 2005	3,782,013	-	-	3,782,013
Materials and supplies, at average cost	583,257	-	-	583,257
Prepaid expenses	175,990	-	-	175,990
Total current assets	5,510,437	54,560	-	5,564,997
Deferred charges	34,848	-	-	34,848
	\$ 61,512,999	\$ 1,011,249	\$ (758,437)	\$ 61,765,811
<b>MEMBERS' EQUITIES AND LIABILITIES</b>				
Members' equities:				
Memberships	\$ 525,775	\$ -0-	\$ -0-	\$ 525,775
Patronage capital	19,080,669	-	-	19,080,669
Other equities	1,126,602	-	-	1,126,602
Capital Stock	-	1,040,000	(1)(780,000)	260,000
Retained Earnings	-	(28,751)	(2)21,563	(7,188)
Total members' equities	20,733,046	1,011,249	(758,437)	20,985,858
Long-term debt less current maturities	34,517,677	-	-	34,517,677
Current liabilities:				
Current portion of long-term debt	1,118,000	-	-	1,118,000
Line of credit-CFC-Power bill	1,904,475	-	-	1,904,475
Accounts payable	586,315	-	-	586,315
Customer deposits	891,494	-	-	891,494
Accrued expenses	1,490,513	-	-	1,490,513
Total current liabilities	5,990,797	-	-	5,990,797
Customer advances for construction	271,479	-	-	271,479

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FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
SCHEDULE II - CONSOLIDATING STATEMENT OF REVENUE  
For the Year Ended December 31, 2007

	Farmers Rural Electric Cooperative Corporation, Inc.	Farmers Energy Services Corporation	Consolidating Entries	Consolidated Totals
Operating revenues	\$ 41,197,244	\$ -0-	\$ -0-	\$ 41,197,244
Operating expenses:				
Cost of power	31,178,680	-	-	31,178,680
Distribution - operations	822,794	-	-	822,794
Distribution - maintenance	2,246,139	-	-	2,246,139
Consumer accounts	1,040,265	-	-	1,040,265
Customer services and Informational expense	283,693	-	-	283,693
Administrative and general	1,623,545	395	-	1,623,940
Depreciation	1,867,901	-	-	1,867,901
Taxes	432,131	190	-	432,321
Total operating expenses	39,495,148	585	-	39,495,733
Operating margins	1,702,096	(585)	-	1,701,511
Interest on long-term debt to RUS and CFC	1,834,784	-	-	1,834,784
Operating margins after fixed charges	(132,688)	(585)	-	(133,273)
G & T and other capital credits	92,487	-	-	92,487
Net operating margins	(40,201)	(585)	-	(40,786)
Nonoperating margins:				
Interest income net of expenses of \$51,796	71,029	1,770	-	72,799
Other net nonoperating income (loss)	66,645	-	-	66,645
Income (loss) from equity investments	54,343	71,543	(2) (18,182) (1) (54,546)	53,158
	192,017	73,313	(72,728)	192,602
Net margins	\$ 151,816	\$ 72,728	\$ (72,728)	\$ 151,816

EX-2  
17 of 18

# CAMPBELL, MYERS & RUTLEDGE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance With Government Auditing Standards

SKIP R. CAMPBELL, CPA  
CHARLES E. RUTLEDGE, CPA  
CINDY L. GREER, CPA  
L. JOE RUTLEDGE, CPA  
JONATHAN W. BELCHER, CPA

WILLIAM E. MYERS, CPA  
R. BRENT BILLINGSLEY, CPA  
MELANIE R. REED, CPA

410 SOUTH BROADWAY  
GLASGOW, KENTUCKY 42141  
TELEPHONE 270/651-2163  
270/651-9282  
FAX 270/651-6677

Exh A  
18 of 19

Board of Directors  
Farmers Rural Electric  
Cooperative Corporation  
Glasgow, Kentucky 42141

We have audited the consolidated financial statements of Farmers Rural Electric Cooperative Corporation, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 18, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered Farmers Rural Electric Cooperative Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Corporation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Farmers Rural Electric Cooperative Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated February 18, 2008.



This report is intended solely for the information and use of the Board of Directors, management, the Rural Utilities Service, and supplemental lenders, and is not intended to be and should not be used by anyone other than these specified parties.

Exh 2  
19 of 19

*Campbell, Myers & Ratledge, PLLC*

Certified Public Accountants

February 18, 2008



Farmers Rural Electric Cooperative

Case No. 2008-00030

September 30, 2008

**Computer Software Programs**

Farmers Rural Electric has used Microsoft Excel and Word in the preparation of this Application.



Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

**Annual Meeting Information**

The most recent Farmers Rural Electric annual meeting was held May 15, 2008. The minutes of that annual meeting are attached, along with the insert in the Kentucky Living Magazine, describing the annual meeting.

Data for the last five (5) annual meetings are as follows:

<u>Year</u>	<u>Members Attending</u>	<u>Members Voting</u>	<u>Cost</u>
2008	413	0	\$39,536
2007	337	0	\$36,447
2006	374	0	\$35,066
2005	304	0	\$30,598
2004	292	0	\$31,467

## MINUTES OF 2008 ANNUAL MEETING

The annual meeting of the members of Farmers Rural Electric Cooperative Corporation was held at the Cave City Convention Center, Cave City, Kentucky, on July 10, 2008.

The business meeting was called to order by Chairman Randy Sexton, who presided, and Secretary Paul Hawkins recorded the meeting.

The Chairman declared a quorum present (Adair County - 0; Barren County - 248; Edmonson County - 1; Hart County - 86; Green County - 2; Larue County - 3; Metcalfe County - 71; Total - 413) and the meeting open for the transaction of business.

Chairman Sexton gave the invocation.

Mr. Bill Prather introduced himself and the people who were seated on the stage. He gave a summary of service and tribute in honor of Farmers RECC director, Fraser Hodges, who passed away in November 2007. Mr. Prather provided the attendees with an operations report of the cooperative and a review of the cooperative's mission. Mr. Prather shared the processes currently being implemented at Farmers Rural Electric which is intended to improve efficiency and service for our consumers. He discussed reliability, safety, and climate change. Mr. Prather closed with a pledge to the consumers that Farmers Rural Electric will continue to do its' best to ensure that consumers receive quality electric service at the lowest possible cost.

Mr. Woodford L. Gardner presented the official notices of the meeting and the respective proofs of mailings thereof.

The Chairman stated the next item of business would be consideration of the minutes of the 2007 Annual Meeting. Following which, a motion was made and seconded that, in essence of time, the reading of said minutes be waived and that the same be accepted as recorded in the records of the Cooperative. This motion was voted in the affirmative.

The next item of business was the Treasurer's report given by Secretary/Treasurer Paul Hawkins.

Mrs. Cindy Greer, representing the firm Campbell, Myers and Rutledge, Provost for the 2008 election, read the report of the 2008 Nominating Committee. Mrs. Greer stated that no nominations were made by petition. Since Mr. Freddie Button, representing District No. 1 - Barren and Edmonson Counties, and Mr. Ronnie Smith, representing District No. 3 - Metcalfe, Green, and Adair Counties, the nominees of the Nominating Committee, were unopposed in their bids for reelection, she declared them elected to serve as directors for the ensuing three years, or until their successors have been chosen and qualified.

There being no further business to come before the meeting, Chairman Sexton declared the meeting adjourned.

---

Randy Sexton, Chairman

---

Paul Hawkins, Secretary/Treasurer

## MINUTES OF 2007 ANNUAL MEETING

The annual meeting of the members of Farmers Rural Electric Cooperative Corporation was held at the Cave City Convention Center, Cave City, Kentucky, on July 12, 2007.

The business meeting was called to order by Chairman Randy Sexton, who presided, and Secretary Paul Hawkins recorded the meeting.

The Chairman declared a quorum present (Adair County - 0; Barren County - 245; Edmonson County - 0; Hart County - 69; Green County - 1; Larue County - 1; Metcalfe County - 58; Total - 337) and the meeting open for the transaction of business.

Mr. Neil Pendygraft gave the invocation. A moment of silence was held in honor of the recent loss on May 4, 2007, of Farmers RECC President/CEO Jackie B. Browning.

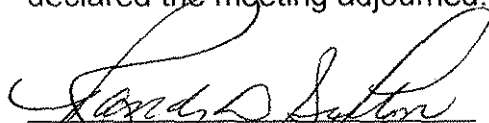
Mr. Woodford L. Gardner presented the official notices of the meeting and the respective proofs of mailings thereof.


The Chairman stated the next item of business would be consideration of the minutes of the 2006 Annual Meeting. Following which, a motion was made and seconded that, in essence of time, the reading of said minutes be waived and that the same be accepted as recorded in the records of the Cooperative. This motion was voted in the affirmative.

Chairman Sexton, and Secretary/Treasurer Hawkins presented their reports.

Mrs. Cindy Greer, representing the firm Campbell, Myers and Rutledge, Provost for the 2007 election, read the report of the 2007 Nominating Committee. Mrs. Greer stated that no nominations were made by petition. Since Mr. Neil Pendygraft and Mr. Paul Hawkins, the nominees of the Nominating Committee, were unopposed in their bids for reelection, she declared them elected to serve as directors for the ensuing three years, or until their successors have been chosen and qualified.

There being no further business to come before the meeting, Chairman Sexton declared the meeting adjourned.

  
Randy Sexton, Chairman

  
Paul Hawkins, Secretary/Treasurer

# Don't take the heat this summer

If your family is like most families in the Farmers RECC service area, your electric bill varies with the seasons of the year. Your bill is usually highest during the winter and summer months.

With summer upon us, what better time to enroll in Farmers RECC's budget billing program. This program allows members to pay an average dollar amount each month based on the previous 12 months' usage. This billing service is provided at no extra cost and is completely optional. Members enrolling in the program are required to have at least 14 months of residency at their current address.

Don't wait until the higher electric bills reach your home; act now to avoid seasonal increases. To find out if you qualify, call Farmers RECC at (270) 651-2191.

Average the  
highs and lows with  
budget billing



## Automatic Bank Draft

If you'd like to save time, checks, and postage each month, why not enroll in our Automatic Bank Draft. Your electric bill payment can be automatically deducted from your checking account each month.

Here's how Automatic Bank Draft works:

- Each month, about 10 to 12 days before the payment due date, we mail you a copy of your Farmers RECC bill marked "Paid By Bank Draft."

- Your bank will deduct that amount from your checking account on the due date and list the deduction on your monthly bank statement.

- You save postage costs and time and your money stays in the bank account until the day the payment is due. Enrolling is easy. Call Farmers RECC at (270) 651-2191 for details.

## FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION NOTICE OF ANNUAL MEETING

The Annual Meeting of Farmers Rural Electric Cooperative will be Thursday evening, July 12, 2007, at the Convention Center located at Cave City, Kentucky. Registration will begin at 6:00 p.m., CDT.

The cooperative's Annual Membership Meeting will be held for the purpose of presenting reports on the previous year, announcing the results of the election of directors, and the transacting of such business as may properly come before the meeting.

An informative program has been planned for this occasion. You are cordially invited to attend.

In regard to the election of directors, please note the following:

1. Nominations for directors by the Committee on Nominations will be posted in the lobby of the office of the cooperative by May 28, 2007.
2. Also, directors may be nominated by petition. Such petition shall be filed at the cooperative during regular office hours by June 11, 2007.

Randy Sexton  
Chairman

Freddie D. Button  
Vice Chairman

Paul C. Hawkins  
Secretary-Treasurer

C.F. Martin Jr.  
Director

Fraser Hodges  
Director

Neil Pendencyraft  
Director

Randy London  
Director

Woodford Gardner, Jr.  
Attorney

Jackie B. Browning  
President & CEO



# Bylaws – Nomination of Directors

## ARTICLE IV — BOARD OF DIRECTORS

E+L P  
5 of 5

### SECTION 5. NOMINATIONS

It shall be the duty of the Board of Directors to select and appoint not less than fifty (50) days nor more than ninety (90) days before the Annual Meeting of the members a Nominating Committee consisting of not less than five (5) nor more than eleven (11) members of the Cooperative.

The members chosen by the Board shall be selected so as to give, as far as possible, equitable representation on the Nominating Committee considering the geographical areas served by the Cooperative. No officer or member of the Board shall be appointed a member of the Nominating Committee.

It shall be the responsibility of the Nominating Committee to select candidates to run for office of Director to fill the vacancies caused by the expiration of Directors' terms. The Nominating Committee shall prepare and post its nominations in a conspicuous manner in the lobby of the Cooperative's Headquarters Building not less than forty-five (45) days prior to the date set for the Annual Meeting, at which the results of the election of Directors shall be announced.

Any fifty (50) or more qualified members may, by written or printed petition, make other nominations from the membership for the office of Director, not exceeding the number of directors to be elected in any one calendar year, by personally affix-

ing their signatures and addresses to the petition or petitions. In no event shall a member or members sign a petition or petitions for more than the number of directors to be elected in any one calendar year. In the event a member or members do sign a petition or petitions for more candidates than there are directors to be elected in any one calendar year, then their signatures shall be invalid on all petitions signed by them.

Petition or petitions by qualified members nominating candidates for the office of Director shall be filed at the headquarters office of the Cooperative during the regular office hours of the Cooperative, but in any event not later than thirty (30) days prior to the date set for the Annual Meeting.

A certification date of seventy (70) days prior to the Annual Meeting shall be established on which it shall be determined whether a member is in good standing and qualified for the purposes of signing nominating petitions and/or voting in the election of directors.

A "Member in good standing" is any member of the Cooperative who is in compliance with the bylaws, rules and regulations of the Cooperative and the rules and orders of the Kentucky Public Service Commission and who is not delinquent in payment of his account as billed by the Cooperative more than 30 days from date of billing.

The Board of Directors shall have the duty of naming a Provost who shall be in charge of the election of directors. The Provost shall have responsibilities and duties regarding nominating petitions and the counting of votes.

In case the Committee on Nominations selects only one nominee for each forthcoming vacancy on the Board of Directors, and should no candidates be nominated from the membership by written or printed petition within the prescribed time, as set forth in Article IV, Section 5 of these Bylaws, the Provost shall then certify to the Secretary of the Board that no petition has been filed within the prescribed time and that the candidates nominated by the Committee on Nominations are therefore officially without opposition. The Provost will so announce at the Annual Membership Meeting, and the nominees shall be deemed elected to the Board by acclamation without the necessity of mailing official ballots through the United States mail and following the mail-ballot election procedures set forth in these Bylaws. (Amended November 29, 2001)

NOTE: The preceding section of Farmers Rural Electric Cooperative Corporation's Bylaws is only a summary. Should you desire a complete copy or additional information concerning the Bylaws, please contact the cooperative's office.

## Farmers Rural Electric Cooperative Corporation NOTICE OF ANNUAL MEETING

The Annual Meeting of Farmers Rural Electric Cooperative will be Thursday evening, July 10, 2008, at the Convention Center located at Cave City, Kentucky. Registration will begin at 6:00 p.m., CDT.

The cooperative's Annual Membership Meeting will be held for the purpose of presenting reports on the previous year, announcing the results of the election of directors, and the transacting of such business as may properly come before the meeting.

An informative program has been planned for this occasion. You are cordially invited to attend.

In regard to the election of directors, please note the following:

1. Nominations for directors by the Committee on Nominations will be posted in the lobby of the office of the cooperative by May 26, 2008.
2. Also, directors may be nominated by petition. Such petition shall be filed at the cooperative during regular office hours by June 10, 2008.

Randy Sexton  
*Chairman*

Freddie D. Button  
*Vice Chairman*

Paul C. Hawkins  
*Secretary-Treasurer*

C.F. Martin Jr.  
*Director*

Ronnie Smith  
*Director*

Neil Pandygraft  
*Director*

Randy London  
*Director*

Woodford Gardner, Jr.  
*Attorney*

Bill Prather  
*President & CEO*



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034  PERIOD ENDED October, 2007  BORROWER NAME  FARMERS RURAL ELECTRIC COOPERATIVE CORP
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
*(check one of the following)*

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. | <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report. |
|---|---|

\_\_\_\_\_ William Prather \_\_\_\_\_ 11/9/2007  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	31,583,195	34,671,731	35,103,987	3,542,985
2. Power Production Expense				
3. Cost of Purchased Power	23,798,654	26,558,972	27,036,761	2,651,897
4. Transmission Expense				
5. Distribution Expense - Operation	690,052	622,876	710,535	71,232
6. Distribution Expense - Maintenance	1,617,507	1,861,519	1,701,426	199,731
7. Customer Accounts Expense	759,642	831,570	782,233	96,216
8. Customer Service and Informational Expense	201,759	215,699	207,960	22,230
9. Sales Expense				
10. Administrative and General Expense	1,250,367	1,314,893	1,289,668	164,099
11. Total Operation & Maintenance Expense (2 thru 10)	28,317,981	31,405,529	31,728,583	3,205,405
12. Depreciation and Amortization Expense	1,430,537	1,546,841	1,501,996	158,659
13. Tax Expense - Property & Gross Receipts	285,000	300,000	288,031	30,000
14. Tax Expense - Other	28,357	30,593	28,960	3,212
15. Interest on Long-Term Debt	1,463,625	1,547,408	1,536,856	168,652
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	44,036	42,581	84,690	4,424
18. Other Deductions	6,352	10,657	6,786	125
19. Total Cost of Electric Service (11 thru 18)	31,575,888	34,883,609	35,175,902	3,570,477
20. Patronage Capital & Operating Margins (1 minus 19)	7,307	(211,878)	(71,915)	(27,492)
21. Non Operating Margins - Interest	127,348	115,674	131,173	23,056
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments	(1,725)	(203)	(2,645)	
24. Non Operating Margins - Other	33,303	66,645	118,105	
25. Generation and Transmission Capital Credits				
26. Other Capital Credits and Patronage Dividends	60,678	70,980	60,000	
27. Extraordinary Items				
28. Patronage Capital or Margins (20 thru 27)	226,911	41,218	234,718	(4,436)

USDA - RUS	BORROWER DESIGNATION KY0034
<b>FINANCIAL AND STATISTICAL REPORT</b>	PERIOD ENDED October, 2007
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	516	561	5. Miles Transmission		
2. Services Retired	196	167	6. Miles Distribution - Overhead	3,262.97	3,282.74
3. Total Services in Place	25,639	26,098	7. Miles Distribution - Underground	213.03	226.28
4. Idle Services (Exclude Seasonals)	2,181	2,258	8. Total Miles Energized (5 + 6 + 7)	3,476.00	3,509.02

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service .....	61,851,868	29. Memberships.....	525,665
2. Construction Work in Progress .....	326,058	30. Patronage Capital.....	19,367,396
3. Total Utility Plant (1 + 2) .....	62,177,926	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort .....	16,944,984	32. Operating Margins - Current Year.....	(211,878)
5. Net Utility Plant (3 - 4) .....	45,232,942	33. Non-Operating Margins.....	208,493
6. Non-Utility Property (Net) .....	0	34. Other Margins and Equities.....	1,062,576
7. Investments in Subsidiary Companies .....	730,561	35. Total Margins & Equities (29 thru 34).....	20,952,252
8. Invest. in Assoc. Org. - Patronage Capital .....	8,580,493	36. Long-Term Debt - RUS (Net).....	8,630,312
9. Invest. in Assoc. Org. - Other - General Funds .....	0	37. Long-Term Debt - FFB - RUS Guaranteed.....	22,203,582
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	904,037	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects ....	0	39. Long-Term Debt Other (Net).....	4,033,094
12. Other Investments .....	0	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
13. Special Funds .....	0	41. Payments - Unapplied .....	0
14. Total Other Property & Investments (6 thru 13) ...	10,215,091	42. Total Long-Term Debt (36 thru 40 - 41).....	34,866,988
15. Cash - General Funds .....	518,319	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee .....	0	44. Accumulated Operating Provisions and Asset Retirement Obligations..	0
17. Special Deposits .....	0	45. Total Other Noncurrent Liabilities (43 + 44).....	0
18. Temporary Investments .....	54,756	46. Notes Payable.....	687,688
19. Notes Receivable (Net) .....	120	47. Accounts Payable.....	713,242
20. Accounts Receivable - Sales of Energy (Net) .....	4,059,766	48. Consumers Deposits.....	879,498
21. Accounts Receivable - Other (Net) .....	166,433	49. Current Maturities Long-Term Debt.....	1,031,200
22. Materials and Supplies - Electric & Other .....	668,965	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments .....	62,348	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets .....	0	52. Other Current and Accrued Liabilities.....	1,621,478
25. Total Current and Accrued Assets (15 thru 24) ....	5,530,707	53. Total Current & Accrued Liabilities (46 thru 52).....	4,933,106
26. Regulatory Assets .....	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits .....	46,789	55. Other Deferred Credits.....	273,183
28. Total Assets and Other Debits (5 + 14 + 25 thru 27)..	61,025,529	56. Total Liabilities and Other Credits (35 + 42 + 45 + 53 thru 55).....	61,025,529

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

BORROWER DESIGNATION KY0034

**FINANCIAL AND STATISTICAL REPORT**

PERIOD ENDED  
November, 2007

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.

BORROWER NAME

*This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.*

FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

12/11/2007

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	34,500,222	37,796,550	38,346,197	3,124,817
2. Power Production Expense				
3. Cost of Purchased Power	25,961,953	28,804,459	29,494,404	2,245,487
4. Transmission Expense				
5. Distribution Expense - Operation	769,821	722,272	792,672	99,396
6. Distribution Expense - Maintenance	1,715,673	2,098,061	1,804,685	236,542
7. Customer Accounts Expense	830,107	936,232	854,794	104,662
8. Customer Service and Informational Expense	225,936	259,508	232,879	43,809
9. Sales Expense				
10. Administrative and General Expense	1,380,210	1,469,158	1,423,592	154,265
11. Total Operation & Maintenance Expense (2 thru 10)	30,883,700	34,289,690	34,603,026	2,884,161
12. Depreciation and Amortization Expense	1,595,463	1,707,306	1,675,162	160,464
13. Tax Expense - Property & Gross Receipts	313,500	330,000	316,834	30,000
14. Tax Expense - Other	31,314	33,794	31,980	3,201
15. Interest on Long-Term Debt	1,584,296	1,681,452	1,663,566	134,044
16. Interest Charged to Construction - Credit				
17. Interest Expense - Other	48,062	47,347	92,432	4,765
18. Other Deductions	6,502	10,707	6,947	50
19. Total Cost of Electric Service (11 thru 18)	34,462,837	38,100,296	38,389,947	3,216,685
20. Patronage Capital & Operating Margins (1 minus 19)	37,385	(303,746)	(43,750)	(91,868)
21. Non Operating Margins - Interest	139,204	119,028	143,385	3,354
22. Allowance for Funds Used During Construction				
23. Income (Loss) from Equity Investments	(1,725)	(203)	(2,645)	
24. Non Operating Margins - Other	31,346	66,645	111,165	
25. Generation and Transmission Capital Credits				
26. Other Capital Credits and Patronage Dividends	60,677	70,980	60,000	
27. Extraordinary Items				
28. Patronage Capital or Margins (20 thru 27)	266,887	(47,296)	268,155	(88,514)

USDA - RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034 PERIOD ENDED November, 2007
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	570	611	5. Miles Transmission		
2. Services Retired	217	182	6. Miles Distribution - Overhead	3,264.66	3,284.47
3. Total Services in Place	25,672	26,133	7. Miles Distribution - Underground	214.18	227.64
4. Idle Services (Exclude Seasonals)	2,117	2,209	8. Total Miles Energized (5 + 6 + 7)	3,478.84	3,512.11

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service .....	29. Memberships.....
62,510,273	525,875
2. Construction Work in Progress .....	30. Patronage Capital.....
174,502	19,367,396
3. Total Utility Plant (1 + 2) .....	31. Operating Margins - Prior Years.....
62,684,775	0
4. Accum. Provision for Depreciation and Amort .....	32. Operating Margins - Current Year.....
17,060,632	(303,746)
5. Net Utility Plant (3 - 4) .....	33. Non-Operating Margins.....
45,624,143	211,847
6. Non-Utility Property (Net) .....	34. Other Margins and Equities.....
0	1,062,576
7. Investments in Subsidiary Companies .....	35. Total Margins & Equities (29 thru 34).....
730,561	20,863,948
8. Invest. in Assoc. Org. - Patronage Capital .....	36. Long-Term Debt - RUS (Net).....
8,580,493	8,528,816
9. Invest. in Assoc. Org. - Other - General Funds .....	37. Long-Term Debt - FFB - RUS Guaranteed.....
0	22,203,582
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	38. Long-Term Debt - Other - RUS Guaranteed.....
904,037	0
11. Investments in Economic Development Projects ....	39. Long-Term Debt Other (Net).....
0	3,974,845
12. Other Investments .....	40. Long-Term Debt - RUS - Econ. Devel. (Net).....
0	0
13. Special Funds .....	41. Payments - Unapplied .....
0	0
14. Total Other Property & Investments (6 thru 13) ...	42. Total Long-Term Debt (36 thru 40 - 41).....
10,215,091	34,707,243
15. Cash - General Funds .....	43. Obligations Under Capital Leases - Noncurrent.....
782,060	0
16. Cash - Construction Funds - Trustee .....	44. Accumulated Operating Provisions and Asset Retirement Obligations..
0	0
17. Special Deposits .....	45. Total Other Noncurrent Liabilities (43 + 44).....
0	0
18. Temporary Investments .....	46. Notes Payable.....
15,284	1,402,209
19. Notes Receivable (Net) .....	47. Accounts Payable.....
100	669,857
20. Accounts Receivable - Sales of Energy (Net) .....	48. Consumers Deposits.....
3,579,520	880,695
21. Accounts Receivable - Other (Net) .....	49. Current Maturities Long-Term Debt.....
197,455	1,031,200
22. Materials and Supplies - Electric & Other .....	50. Current Maturities Long-Term Debt -Economic Development.....
585,533	0
23. Prepayments .....	51. Current Maturities Capital Leases.....
207,953	0
24. Other Current and Accrued Assets .....	52. Other Current and Accrued Liabilities.....
0	1,436,553
25. Total Current and Accrued Assets (15 thru 24) ....	53. Total Current & Accrued Liabilities (46 thru 52).....
5,367,905	5,420,514
26. Regulatory Assets .....	54. Regulatory Liabilities.....
0	0
27. Other Deferred Debits .....	55. Other Deferred Credits.....
56,405	271,839
28. Total Assets and Other Debits (5+14+25 thru 27)..	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....
61,263,544	61,263,544

Ex 4  
5 of 24

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034
	PERIOD ENDED December, 2007 (Prepared with Audited Data)
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	BORROWER NAME  FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII  
(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

*William J. Prather*  
 William Prather

2/15/2008  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	37,465,469	41,197,244	41,642,000	3,400,694
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	28,046,870	31,178,680	31,863,000	2,374,221
4. Transmission Expense	0	0	0	0
5. Distribution Expense - Operation	841,035	822,794	866,000	100,522
6. Distribution Expense - Maintenance	1,806,287	2,246,139	1,900,000	148,078
7. Customer Accounts Expense	903,141	1,040,265	930,000	104,034
8. Customer Service and Informational Expense	259,040	283,693	267,000	24,185
9. Sales Expense	0	0	0	0
10. Administrative and General Expense	1,529,913	1,612,818	1,578,000	143,659
11. Total Operation & Maintenance Expense (2 thru 10)	33,386,286	37,184,389	37,404,000	2,894,699
12. Depreciation and Amortization Expense	1,745,792	1,867,901	1,833,000	160,595
13. Tax Expense - Property & Gross Receipts	346,317	395,113	350,000	65,113
14. Tax Expense - Other	34,271	37,018	35,000	3,224
15. Interest on Long-Term Debt	1,741,847	1,834,784	1,829,000	153,332
16. Interest Charged to Construction - Credit	0	0	0	0
17. Interest Expense - Other	51,997	51,796	100,000	4,450
18. Other Deductions	6,552	10,727	7,000	20
19. Total Cost of Electric Service (11 thru 18)	37,313,062	41,381,728	41,558,000	3,281,433
20. Patronage Capital & Operating Margins (1 minus 19)	152,407	(184,484)	84,000	119,261
21. Non Operating Margins - Interest	145,626	122,825	150,000	3,797
22. Allowance for Funds Used During Construction	0	0	0	0
23. Income (Loss) from Equity Investments	97,810	54,343	150,000	54,546
24. Non Operating Margins - Other	49,346	66,645	175,000	0
25. Generation and Transmission Capital Credits	0	0	0	0
26. Other Capital Credits and Patronage Dividends	60,677	92,487	60,000	21,507
27. Extraordinary Items	0	0	0	0
Patronage Capital or Margins (20 thru 27)	505,866	151,816	619,000	199,111

USDA - RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034 PERIOD ENDED December, 2007
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	611	649	5. Miles Transmission	0.00	
2. Services Retired	226	187	6. Miles Distribution - Overhead	3,266.71	3,284.70
3. Total Services in Place	25,704	26,166	7. Miles Distribution - Underground	214.68	228.17
4. Idle Services (Exclude Seasonals)	2,167	2,223	8. Total Miles Energized (5 + 6 + 7)	3,481.39	3,512.87

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service .....	29. Memberships.....
62,526,000	525,775
2. Construction Work in Progress .....	30. Patronage Capital.....
206,679	18,973,457
3. Total Utility Plant (1 + 2) .....	31. Operating Margins - Prior Years.....
62,732,679	0
4. Accum. Provision for Depreciation and Amort .....	32. Operating Margins - Current Year.....
17,055,118	(184,484)
5. Net Utility Plant (3 - 4) .....	33. Non-Operating Margins.....
45,677,561	291,696
6. Non-Utility Property (Net) .....	34. Other Margins and Equities.....
0	1,126,602
7. Investments in Subsidiary Companies .....	35. Total Margins & Equities (29 thru 34).....
784,116	20,733,046
8. Invest. in Assoc. Org. - Patronage Capital .....	36. Long-Term Debt - RUS (Net).....
8,602,000	8,523,710
9. Invest. in Assoc. Org. - Other - General Funds .....	37. Long-Term Debt - FFB - RUS Guaranteed.....
0	22,033,123
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	38. Long-Term Debt - Other - RUS Guaranteed.....
904,037	0
11. Investments in Economic Development Projects ....	39. Long-Term Debt Other (Net).....
0	3,960,845
12. Other Investments .....	40. Long-Term Debt - RUS - Econ. Devel. (Net).....
0	0
13. Special Funds .....	41. Payments - Unapplied .....
0	0
14. Total Other Property & Investments (6 thru 13) ...	42. Total Long-Term Debt (36 thru 40 - 41).....
10,290,153	34,517,678
15. Cash - General Funds .....	43. Obligations Under Capital Leases - Noncurrent.....
956,891	0
16. Cash - Construction Funds - Trustee .....	44. Accumulated Operating Provisions and Asset Retirement Obligations..
0	0
17. Special Deposits .....	45. Total Other Noncurrent Liabilities (43 + 44).....
0	0
18. Temporary Investments .....	46. Notes Payable.....
12,286	1,904,475
19. Notes Receivable (Net) .....	47. Accounts Payable.....
80	586,315
20. Accounts Receivable - Sales of Energy (Net) .....	48. Consumers Deposits.....
3,723,944	891,494
21. Accounts Receivable - Other (Net) .....	49. Current Maturities Long-Term Debt.....
57,989	1,118,000
22. Materials and Supplies - Electric & Other .....	50. Current Maturities Long-Term Debt -Economic Development.....
583,257	0
23. Prepayments .....	51. Current Maturities Capital Leases.....
175,990	0
24. Other Current and Accrued Assets .....	52. Other Current and Accrued Liabilities.....
0	1,490,513
25. Total Current and Accrued Assets (15 thru 24) ....	53. Total Current & Accrued Liabilities (46 thru 52).....
5,510,437	5,990,797
26. Regulatory Assets .....	54. Regulatory Liabilities.....
0	0
27. Other Deferred Debits .....	55. Other Deferred Credits.....
34,848	271,478
28. Total Assets and Other Debits (5+14+25 thru 27)..	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....
61,512,999	61,512,999



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034  PERIOD ENDED January, 2008
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	BORROWER NAME  FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

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**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
*(check one of the following)*

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. | <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report. |
|---|---|

William Prather _____ DATE	2/14/2008 _____ DATE
----------------------------------	----------------------------

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	3,255,634	3,576,258	3,444,025	3,576,258
2. Power Production Expense			0	
3. Cost of Purchased Power	2,508,875	2,544,271	2,679,097	2,544,271
4. Transmission Expense			0	
5. Distribution Expense - Operation	105,486	121,800	99,068	121,800
6. Distribution Expense - Maintenance	111,898	215,489	119,815	215,489
7. Customer Accounts Expense	82,105	90,072	76,566	90,072
8. Customer Service and Informational Expense	26,221	21,960	25,645	21,960
9. Sales Expense			0	
10. Administrative and General Expense	131,974	147,034	152,159	147,034
11. Total Operation & Maintenance Expense (2 thru 10)	2,966,559	3,140,626	3,152,350	3,140,626
12. Depreciation and Amortization Expense	150,863	161,363	160,058	161,363
13. Tax Expense - Property & Gross Receipts	30,000	38,000	28,865	38,000
14. Tax Expense - Other	2,957	3,212	3,055	3,212
15. Interest on Long-Term Debt	165,077	166,608	172,365	166,608
16. Interest Charged to Construction - Credit			0	
17. Interest Expense - Other	4,519	4,505	5,235	4,505
18. Other Deductions	2,112	2,072	2,255	2,072
19. Total Cost of Electric Service (11 thru 18)	3,322,087	3,516,386	3,524,183	3,516,386
20. Patronage Capital & Operating Margins (1 minus 19)	(66,453)	59,872	(80,158)	59,872
21. Non Operating Margins - Interest	6,276	3,911	6,132	3,911
22. Allowance for Funds Used During Construction			0	
23. Income (Loss) from Equity Investments			0	
24. Non Operating Margins - Other			0	
25. Generation and Transmission Capital Credits			0	
26. Other Capital Credits and Patronage Dividends			0	
27. Extraordinary Items			0	
28. Patronage Capital or Margins (20 thru 27)	(60,177)	63,783	(74,026)	63,783

USDA - RUS	BORROWER DESIGNATION KY0034
<b>FINANCIAL AND STATISTICAL REPORT</b>	PERIOD ENDED January, 2008
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	40	28	5. Miles Transmission	0.00	
2. Services Retired	21	13	6. Miles Distribution - Overhead	3,267.89	3,285.49
3. Total Services in Place	25,723	26,181	7. Miles Distribution - Underground	216.18	229.10
4. Idle Services (Exclude Seasonals)	2,146	2,224	8. Total Miles Energized (5 + 6 + 7)	3,484.07	3,514.59

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service .....	62,797,314	29. Memberships.....	525,840
2. Construction Work in Progress .....	251,470	30. Patronage Capital.....	19,070,929
3. Total Utility Plant (1 + 2) .....	63,048,784	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort .....	17,126,290	32. Operating Margins - Current Year.....	59,872
5. Net Utility Plant (3 - 4) .....	45,922,494	33. Non-Operating Margins.....	13,651
6. Non-Utility Property (Net) .....	0	34. Other Margins and Equities.....	1,125,701
7. Investments in Subsidiary Companies .....	784,116	35. Total Margins & Equities (29 thru 34).....	20,795,993
8. Invest. in Assoc. Org. - Patronage Capital .....	8,602,000	36. Long-Term Debt - RUS (Net).....	8,507,349
9. Invest. in Assoc. Org. - Other - General Funds .....	0	37. Long-Term Debt - FFB - RUS Guaranteed.....	22,033,124
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	904,037	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects ....	0	39. Long-Term Debt Other (Net).....	3,960,845
12. Other Investments .....	0	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
13. Special Funds .....	0	41. Payments - Unapplied .....	0
4. Total Other Property & Investments (6 thru 13) ...	10,290,153	42. Total Long-Term Debt (36 thru 40 - 41).....	34,501,318
15. Cash - General Funds .....	752,493	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee .....	0	44. Accumulated Operating Provisions and Asset Retirement Obligations..	0
17. Special Deposits .....	0	45. Total Other Noncurrent Liabilities (43 + 44).....	0
18. Temporary Investments .....	400,000	46. Notes Payable.....	2,229,495
19. Notes Receivable (Net) .....	60	47. Accounts Payable.....	572,009
20. Accounts Receivable - Sales of Energy (Net) .....	3,635,849	48. Consumers Deposits.....	895,449
21. Accounts Receivable - Other (Net) .....	25,015	49. Current Maturities Long-Term Debt.....	1,118,000
22. Materials and Supplies - Electric & Other .....	595,587	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments .....	307,782	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets .....	0	52. Other Current and Accrued Liabilities.....	1,583,527
25. Total Current and Accrued Assets (15 thru 24) ....	5,716,786	53. Total Current & Accrued Liabilities (46 thru 52).....	6,398,480
26. Regulatory Assets .....	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits .....	36,721	55. Other Deferred Credits.....	270,363
28. Total Assets and Other Debits (5+14+25 thru 27)..	61,966,154	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	61,966,154

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE  
  
**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION KY0034

PERIOD ENDED  
February, 2008

BORROWER NAME

FARMERS RURAL ELECTRIC COOPERATIVE CORP

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.

*This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.*

**CERTIFICATION**

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**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

3/14/2008

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	6,984,884	7,528,895	7,389,071	3,952,637
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	5,334,471	6,012,309	5,696,403	3,468,038
4. Transmission Expense		0	0	0
5. Distribution Expense - Operation	156,013	176,316	146,520	54,517
6. Distribution Expense - Maintenance	294,534	399,521	315,372	184,032
7. Customer Accounts Expense	159,822	176,812	149,040	86,741
8. Customer Service and Informational Expense	61,348	45,564	60,000	23,603
9. Sales Expense		0	0	0
10. Administrative and General Expense	256,810	280,089	296,089	133,055
11. Total Operation & Maintenance Expense (2 thru 10)	6,262,998	7,090,611	6,663,424	3,949,986
12. Depreciation and Amortization Expense	302,797	323,492	321,253	162,129
13. Tax Expense - Property & Gross Receipts	60,000	76,000	57,730	38,000
14. Tax Expense - Other	5,915	6,425	6,111	3,212
15. Interest on Long-Term Debt	284,914	319,476	297,493	152,869
16. Interest Charged to Construction - Credit		0	0	0
17. Interest Expense - Other	8,390	8,725	9,719	4,220
18. Other Deductions	2,362	2,572	2,522	500
19. Total Cost of Electric Service (11 thru 18)	6,927,376	7,827,301	7,358,252	4,310,916
20. Patronage Capital & Operating Margins (1 minus 19)	57,508	(298,406)	30,819	(358,279)
21. Non Operating Margins - Interest	13,630	7,392	13,316	3,481
22. Allowance for Funds Used During Construction		0	0	0
23. Income (Loss) from Equity Investments	(203)	2,322	(280)	2,322
24. Non Operating Margins - Other		0	0	0
25. Generation and Transmission Capital Credits		0	0	0
26. Other Capital Credits and Patronage Dividends	6,251	0	4,799	0
27. Extraordinary Items		0	0	0
Patronage Capital or Margins (20 thru 27)	77,186	(288,692)	48,654	(352,476)

USDA - RUS	BORROWER DESIGNATION KY0034
<b>FINANCIAL AND STATISTICAL REPORT</b>	PERIOD ENDED February, 2008
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	78	56	5. Miles Transmission		
2. Services Retired	31	31	6. Miles Distribution - Overhead	3,269.45	3,286.15
3. Total Services in Place	25,751	26,191	7. Miles Distribution - Underground	217.08	230.02
4. Idle Services (Exclude Seasonals)	2,139	2,225	8. Total Miles Energized (5 + 6 + 7)	3,486.53	3,516.17

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service .....	63,066,799	29. Memberships.....	526,260
2. Construction Work in Progress .....	317,392	30. Patronage Capital.....	19,070,929
3. Total Utility Plant (1 + 2) .....	63,384,191	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort .....	17,070,341	32. Operating Margins - Current Year.....	(298,406)
5. Net Utility Plant (3 - 4) .....	46,313,850	33. Non-Operating Margins.....	19,453
6. Non-Utility Property (Net) .....	0	34. Other Margins and Equities.....	1,125,319
7. Investments in Subsidiary Companies .....	786,438	35. Total Margins & Equities (29 thru 34).....	20,443,555
8. Invest. in Assoc. Org. - Patronage Capital .....	8,596,653	36. Long-Term Debt - RUS (Net).....	8,409,101
9. Invest. in Assoc. Org. - Other - General Funds .....	0	37. Long-Term Debt - FFB - RUS Guaranteed.....	22,033,123
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	904,037	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects ....	0	39. Long-Term Debt Other (Net).....	3,901,606
12. Other Investments .....	0	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
13. Special Funds .....	0	41. Payments - Unapplied .....	0
4. Total Other Property & Investments (6 thru 13) ...	10,287,128	42. Total Long-Term Debt (36 thru 40 - 41).....	34,343,830
15. Cash - General Funds .....	789,347	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee .....	0	44. Accumulated Operating Provisions and Asset Retirement Obligations..	0
17. Special Deposits .....	0	45. Total Other Noncurrent Liabilities (43 + 44).....	0
18. Temporary Investments .....	20,439	46. Notes Payable.....	2,825,412
19. Notes Receivable (Net) .....	40	47. Accounts Payable.....	891,316
20. Accounts Receivable - Sales of Energy (Net) .....	4,077,821	48. Consumers Deposits.....	907,954
21. Accounts Receivable - Other (Net) .....	52,134	49. Current Maturities Long-Term Debt.....	1,118,000
22. Materials and Supplies - Electric & Other .....	528,460	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments .....	268,149	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets .....	0	52. Other Current and Accrued Liabilities.....	1,579,187
25. Total Current and Accrued Assets (15 thru 24) .....	5,736,390	53. Total Current & Accrued Liabilities (46 thru 52).....	7,321,869
26. Regulatory Assets .....	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits .....	32,279	55. Other Deferred Credits.....	260,393
28. Total Assets and Other Debits (5+14+25 thru 27) ..	62,369,647	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	62,369,647

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11 of 24

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION KY0034

PERIOD ENDED

March, 2008

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.

BORROWER NAME

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

4/8/2008

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	10,675,350	11,361,810	11,293,090	3,832,915
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	8,296,760	9,079,203	8,859,677	3,066,894
4. Transmission Expense		0	0	0
5. Distribution Expense - Operation	250,663	229,466	235,412	53,149
6. Distribution Expense - Maintenance	475,942	564,055	509,614	164,535
7. Customer Accounts Expense	241,619	262,868	225,319	86,056
8. Customer Service and Informational Expense	93,972	56,465	91,907	10,901
9. Sales Expense		0	0	0
10. Administrative and General Expense	397,367	426,125	458,144	146,036
11. Total Operation & Maintenance Expense (2 thru 10)	9,756,323	10,618,182	10,380,073	3,527,571
12. Depreciation and Amortization Expense	455,516	486,258	483,281	162,766
13. Tax Expense - Property & Gross Receipts	90,000	114,000	86,595	38,000
14. Tax Expense - Other	8,872	9,637	9,166	3,212
15. Interest on Long-Term Debt	451,474	482,066	471,407	162,590
16. Interest Charged to Construction - Credit		0	0	0
17. Interest Expense - Other	12,509	48,076	14,490	39,351
18. Other Deductions	2,487	2,572	2,655	0
19. Total Cost of Electric Service (11 thru 18)	10,777,181	11,760,791	11,447,667	3,933,490
20. Patronage Capital & Operating Margins (1 minus 19)	(101,831)	(398,981)	(154,577)	(100,575)
21. Non Operating Margins - Interest	18,492	10,499	18,067	3,107
22. Allowance for Funds Used During Construction		0	0	0
23. Income (Loss) from Equity Investments	(203)	2,322	(280)	0
24. Non Operating Margins - Other		0	0	0
25. Generation and Transmission Capital Credits		0	0	0
26. Other Capital Credits and Patronage Dividends	20,927	19,568	16,065	19,568
27. Extraordinary Items		0	0	0
3. Patronage Capital or Margins (20 thru 27)	(62,615)	(366,592)	(120,725)	(77,900)

USDA - RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034 PERIOD ENDED March, 2008
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	61	86	5. Miles Transmission		
2. Services Retired	9	46	6. Miles Distribution - Overhead	3,271.56	3,286.31
3. Total Services in Place	25,803	26,206	7. Miles Distribution - Underground	218.42	230.84
4. Idle Services (Exclude Seasonals)	2,131	2,250	8. Total Miles Energized (5 + 6 + 7)	3,489.98	3,517.15

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service ..... 63,364,106	29. Memberships..... 526,585
2. Construction Work in Progress ..... 373,324	30. Patronage Capital..... 19,070,929
3. Total Utility Plant (1 + 2) ..... 63,737,430	31. Operating Margins - Prior Years..... 0
4. Accum. Provision for Depreciation and Amort ..... 17,129,932	32. Operating Margins - Current Year..... (398,981)
5. Net Utility Plant (3 - 4) ..... 46,607,498	33. Non-Operating Margins..... 42,128
6. Non-Utility Property (Net) ..... 0	34. Other Margins and Equities..... 1,125,165
7. Investments in Subsidiary Companies ..... 786,438	35. Total Margins & Equities (29 thru 34)..... 20,365,826
8. Invest. in Assoc. Org. - Patronage Capital ..... 8,596,653	36. Long-Term Debt - RUS (Net)..... 8,392,597
9. Invest. in Assoc. Org. - Other - General Funds ..... 0	37. Long-Term Debt - FFB - RUS Guaranteed..... 21,944,867
10. Invest. in Assoc. Org. - Other - Nongeneral Funds.. 920,407	38. Long-Term Debt - Other - RUS Guaranteed..... 0
11. Investments in Economic Development Projects .... 0	39. Long-Term Debt Other (Net)..... 3,901,606
12. Other Investments ..... 0	40. Long-Term Debt - RUS - Econ. Devel. (Net)..... 0
13. Special Funds ..... 0	41. Payments - Unapplied ..... 0
14. Total Other Property & Investments (6 thru 13) ... 10,303,498	42. Total Long-Term Debt (36 thru 40 - 41)..... 34,239,070
15. Cash - General Funds ..... 789,145	43. Obligations Under Capital Leases - Noncurrent..... 0
16. Cash - Construction Funds - Trustee ..... 0	44. Accumulated Operating Provisions and Asset Retirement Obligations.. 0
17. Special Deposits ..... 0	45. Total Other Noncurrent Liabilities (43 + 44)..... 0
18. Temporary Investments ..... 8,128	46. Notes Payable..... 3,170,260
19. Notes Receivable (Net) ..... 20	47. Accounts Payable..... 890,733
20. Accounts Receivable - Sales of Energy (Net) ..... 3,865,041	48. Consumers Deposits..... 910,864
21. Accounts Receivable - Other (Net) ..... 69,353	49. Current Maturities Long-Term Debt..... 1,118,000
22. Materials and Supplies - Electric & Other ..... 526,252	50. Current Maturities Long-Term Debt -Economic Development..... 0
23. Prepayments ..... 239,299	51. Current Maturities Capital Leases..... 0
24. Other Current and Accrued Assets ..... 0	52. Other Current and Accrued Liabilities..... 1,489,927
25. Total Current and Accrued Assets (15 thru 24) .... 5,497,238	53. Total Current & Accrued Liabilities (46 thru 52)..... 7,579,784
26. Regulatory Assets ..... 0	54. Regulatory Liabilities..... 0
27. Other Deferred Debits ..... 36,061	55. Other Deferred Credits..... 259,615
28. Total Assets and Other Debits (5+14+25 thru 27).. 62,444,295	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55)..... 62,444,295

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034  PERIOD ENDED April, 2008
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	BORROWER NAME  FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
*(check one of the following)*

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. | <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report. |
|---|---|

\_\_\_\_\_ 5/12/2008  
 William Prather DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	14,056,436	14,598,886	14,869,825	3,237,075
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	10,829,164	11,745,850	11,563,899	2,666,647
4. Transmission Expense		0	0	0
5. Distribution Expense - Operation	386,394	265,549	362,885	36,084
6. Distribution Expense - Maintenance	670,749	699,134	718,203	135,079
7. Customer Accounts Expense	318,642	341,847	297,146	78,979
8. Customer Service and Informational Expense	121,678	63,460	119,004	6,994
9. Sales Expense		0	0	0
10. Administrative and General Expense	537,271	572,585	619,447	146,460
11. Total Operation & Maintenance Expense (2 thru 10)	12,863,898	13,688,425	13,680,584	3,070,243
12. Depreciation and Amortization Expense	608,923	650,237	646,038	163,979
13. Tax Expense - Property & Gross Receipts	120,000	152,000	115,160	38,000
14. Tax Expense - Other	11,829	12,849	12,221	3,212
15. Interest on Long-Term Debt	611,339	641,745	638,329	159,679
16. Interest Charged to Construction - Credit		0	0	0
17. Interest Expense - Other	16,805	52,501	19,466	4,425
18. Other Deductions	2,582	3,197	2,757	625
19. Total Cost of Electric Service (11 thru 18)	14,235,376	15,200,954	15,114,855	3,440,163
20. Patronage Capital & Operating Margins (1 minus 19)	(178,940)	(602,068)	(245,030)	(203,088)
21. Non Operating Margins - Interest	41,685	32,028	40,726	21,530
22. Allowance for Funds Used During Construction		0	0	0
23. Income (Loss) from Equity Investments	(203)	2,322	(280)	0
24. Non Operating Margins - Other	166	0	100	0
25. Generation and Transmission Capital Credits		0	0	0
26. Other Capital Credits and Patronage Dividends	20,927	19,568	16,065	0
27. Extraordinary Items		0	0	0
3. Patronage Capital or Margins (20 thru 27)	(116,365)	(548,150)	(188,419)	(181,558)

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USDA - RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034 PERIOD ENDED April, 2008
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	195	140	5. Miles Transmission		
2. Services Retired	61	65	6. Miles Distribution - Overhead	3,272.56	3,287.27
3. Total Services in Place	25,838	26,241	7. Miles Distribution - Underground	219.72	231.53
4. Idle Services <i>(Exclude Seasonals)</i>	2,252	2,310	8. Total Miles Energized <i>(5 + 6 + 7)</i>	3,492.28	3,518.80

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service .....	29. Memberships.....
63,781,200	527,365
2. Construction Work in Progress .....	30. Patronage Capital.....
541,631	19,070,930
3. Total Utility Plant (1 + 2) .....	31. Operating Margins - Prior Years.....
64,322,831	0
4. Accum. Provision for Depreciation and Amort .....	32. Operating Margins - Current Year.....
17,259,163	(602,069)
5. Net Utility Plant (3 - 4) .....	33. Non-Operating Margins.....
47,063,668	63,658
6. Non-Utility Property (Net) .....	34. Other Margins and Equities.....
0	1,125,106
7. Investments in Subsidiary Companies .....	35. Total Margins & Equities (29 thru 34).....
786,438	20,184,990
8. Invest. in Assoc. Org. - Patronage Capital .....	36. Long-Term Debt - RUS (Net).....
8,596,653	8,375,099
9. Invest. in Assoc. Org. - Other - General Funds .....	37. Long-Term Debt - FFB - RUS Guaranteed.....
0	21,944,867
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	38. Long-Term Debt - Other - RUS Guaranteed.....
920,407	0
11. Investments in Economic Development Projects ....	39. Long-Term Debt Other (Net).....
0	3,901,606
12. Other Investments .....	40. Long-Term Debt - RUS - Econ. Devel. (Net).....
0	0
13. Special Funds .....	41. Payments - Unapplied .....
0	0
14. Total Other Property & Investments (6 thru 13) ...	42. Total Long-Term Debt (36 thru 40 - 41).....
10,303,498	34,221,572
15. Cash - General Funds .....	43. Obligations Under Capital Leases - Noncurrent.....
800,413	0
16. Cash - Construction Funds - Trustee .....	44. Accumulated Operating Provisions
0	and Asset Retirement Obligations.. ..
17. Special Deposits .....	0
18. Temporary Investments .....	45. Total Other Noncurrent Liabilities (43 + 44).....
0	0
19. Notes Receivable (Net) .....	46. Notes Payable.....
0	3,072,757
20. Accounts Receivable - Sales of Energy (Net) .....	47. Accounts Payable.....
3,351,977	851,243
21. Accounts Receivable - Other (Net) .....	48. Consumers Deposits.....
85,831	916,133
22. Materials and Supplies - Electric & Other .....	49. Current Maturities Long-Term Debt.....
403,672	1,118,000
23. Prepayments .....	50. Current Maturities Long-Term Debt
206,647	-Economic Development.....
24. Other Current and Accrued Assets .....	0
25. Total Current and Accrued Assets (15 thru 24) ....	51. Current Maturities Capital Leases.....
4,848,540	0
26. Regulatory Assets .....	52. Other Current and Accrued Liabilities.....
0	1,631,616
27. Other Deferred Debits .....	53. Total Current & Accrued Liabilities (46 thru 52).....
42,921	7,589,749
28. Total Assets and Other Debits (5+14+25 thru 27)..	54. Regulatory Liabilities.....
62,258,627	0
	55. Other Deferred Credits.....
	262,316
	56. Total Liabilities and Other Credits
	(35+ 42 + 45 + 53 thru 55).....
	62,258,627



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034  PERIOD ENDED May, 2008
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	BORROWER NAME  FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
*(check one of the following)*

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. | <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report. |
|---|---|

\_\_\_\_\_ William Prather \_\_\_\_\_ 6/13/2008 \_\_\_\_\_  
 DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	16,971,833	17,382,183	17,953,925	2,783,298
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	13,014,163	14,039,171	13,897,146	2,293,321
4. Transmission Expense		0	0	0
5. Distribution Expense - Operation	288,243	363,439	270,706	97,890
6. Distribution Expense - Maintenance	853,771	921,859	914,173	222,725
7. Customer Accounts Expense	415,005	420,164	387,008	78,316
8. Customer Service and Informational Expense	138,303	75,406	135,263	11,947
9. Sales Expense		0	0	0
10. Administrative and General Expense	644,560	724,271	743,147	151,685
11. Total Operation & Maintenance Expense (2 thru 10)	15,354,045	16,544,310	16,347,443	2,855,884
12. Depreciation and Amortization Expense	762,882	814,797	809,382	164,560
13. Tax Expense - Property & Gross Receipts	150,000	190,000	144,325	38,000
14. Tax Expense - Other	14,787	16,062	15,277	3,212
15. Interest on Long-Term Debt	727,972	779,219	760,112	137,474
16. Interest Charged to Construction - Credit		0	0	0
17. Interest Expense - Other	21,104	56,948	24,446	4,448
18. Other Deductions	8,032	4,232	8,575	1,035
19. Total Cost of Electric Service (11 thru 18)	17,038,822	18,405,568	18,109,560	3,204,613
20. Patronage Capital & Operating Margins (1 minus 19)	(66,989)	(1,023,385)	(155,635)	(421,315)
21. Non Operating Margins - Interest	52,892	34,038	51,675	2,009
22. Allowance for Funds Used During Construction		0	0	0
23. Income (Loss) from Equity Investments	(203)	2,322	(280)	0
24. Non Operating Margins - Other	166	0	100	0
25. Generation and Transmission Capital Credits		0	0	0
26. Other Capital Credits and Patronage Dividends	20,927	19,568	16,065	0
7. Extraordinary Items		0	0	0
3. Patronage Capital or Margins (20 thru 27)	6,793	(967,457)	(88,075)	(419,306)

USDA - RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034  PERIOD ENDED May, 2008
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	261	198	5. Miles Transmission		0.00
2. Services Retired	75	85	6. Miles Distribution - Overhead	3,275.10	3,288.97
3. Total Services in Place	25,890	26,279	7. Miles Distribution - Underground	220.73	232.11
4. Idle Services (Exclude Seasonals)	2,159	2,067	8. Total Miles Energized (5 + 6 + 7)	3,495.83	3,521.08

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service .....	64,021,793	29. Memberships.....	528,045
2. Construction Work in Progress .....	530,395	30. Patronage Capital.....	19,070,929
3. Total Utility Plant (1 + 2) .....	64,552,188	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort .....	17,344,133	32. Operating Margins - Current Year.....	(1,023,384)
5. Net Utility Plant (3 - 4) .....	47,208,055	33. Non-Operating Margins.....	65,667
6. Non-Utility Property (Net) .....	0	34. Other Margins and Equities.....	1,125,106
7. Investments in Subsidiary Companies .....	786,438	35. Total Margins & Equities (29 thru 34).....	19,766,363
8. Invest. in Assoc. Org. - Patronage Capital .....	8,596,653	36. Long-Term Debt - RUS (Net).....	8,277,745
9. Invest. in Assoc. Org. - Other - General Funds .....	0	37. Long-Term Debt - FFB - RUS Guaranteed.....	21,944,867
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	920,406	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects ...	0	39. Long-Term Debt Other (Net).....	3,845,702
12. Other Investments .....	0	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
13. Special Funds .....	0	41. Payments - Unapplied .....	0
4. Total Other Property & Investments (6 thru 13) ...	10,303,497	42. Total Long-Term Debt (36 thru 40 - 41).....	34,068,314
15. Cash - General Funds .....	1,115,208	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee .....	0	44. Accumulated Operating Provisions and Asset Retirement Obligations..	0
17. Special Deposits .....	0	45. Total Other Noncurrent Liabilities (43 + 44).....	0
18. Temporary Investments .....	150,000	46. Notes Payable.....	3,340,594
19. Notes Receivable (Net) .....	0	47. Accounts Payable.....	547,084
20. Accounts Receivable - Sales of Energy (Net) .....	2,201,081	48. Consumers Deposits.....	922,849
21. Accounts Receivable - Other (Net) .....	93,879	49. Current Maturities Long-Term Debt.....	1,118,000
22. Materials and Supplies - Electric & Other .....	416,504	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments .....	191,584	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets .....	0	52. Other Current and Accrued Liabilities.....	1,699,563
25. Total Current and Accrued Assets (15 thru 24) .....	4,168,256	53. Total Current & Accrued Liabilities (46 thru 52).....	7,628,090
26. Regulatory Assets .....	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits .....	46,507	55. Other Deferred Credits.....	263,548
28. Total Assets and Other Debits (5+14+25 thru 27).....	61,726,315	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	61,726,315

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

BORROWER DESIGNATION KY0034

**FINANCIAL AND STATISTICAL REPORT**

PERIOD ENDED  
June, 2008

INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.

BORROWER NAME

*This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.*

FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

7/9/2008

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	20,380,958	20,671,750	21,560,323	3,289,567
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	15,602,622	16,176,458	16,661,226	2,137,287
4. Transmission Expense		0	0	0
5. Distribution Expense - Operation	394,447	467,802	370,448	104,363
6. Distribution Expense - Maintenance	1,060,039	1,101,026	1,135,034	179,167
7. Customer Accounts Expense	490,910	536,368	457,793	116,204
8. Customer Service and Informational Expense	149,489	79,097	146,204	3,692
9. Sales Expense		0	0	0
10. Administrative and General Expense	734,193	829,206	846,489	104,935
11. Total Operation & Maintenance Expense (2 thru 10)	18,431,700	19,189,957	19,617,194	2,645,648
12. Depreciation and Amortization Expense	917,166	981,143	973,069	166,346
13. Tax Expense - Property & Gross Receipts	180,000	228,000	173,190	38,000
14. Tax Expense - Other	17,744	19,274	18,332	3,212
15. Interest on Long-Term Debt	911,574	935,688	951,819	156,469
16. Interest Charged to Construction - Credit		0	0	0
17. Interest Expense - Other	25,105	101,241	29,081	44,293
18. Other Deductions	8,032	4,232	8,575	0
19. Total Cost of Electric Service (11 thru 18)	20,491,321	21,459,535	21,771,260	3,053,968
20. Patronage Capital & Operating Margins (1 minus 19)	(110,363)	(787,785)	(210,937)	235,599
21. Non Operating Margins - Interest	59,738	36,496	58,365	2,459
22. Allowance for Funds Used During Construction		0	0	0
23. Income (Loss) from Equity Investments	(203)	2,322	(280)	0
24. Non Operating Margins - Other	(4,899)	0	(2,940)	0
25. Generation and Transmission Capital Credits		0	0	0
26. Other Capital Credits and Patronage Dividends	20,927	19,568	16,065	0
Extraordinary Items		0	0	0
Patronage Capital or Margins (20 thru 27)	(34,800)	(729,399)	(139,727)	238,058

USDA - RUS

**FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION  
KY0034

PERIOD ENDED  
June, 2008

INSTRUCTIONS - See RUS Bulletin 1717B-2

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	323	242	5. Miles Transmission		
2. Services Retired	94	94	6. Miles Distribution - Overhead	3,275.99	3,290.92
3. Total Services in Place	25,933	26,314	7. Miles Distribution - Underground	221.89	233.12
4. Idle Services (Exclude Seasonals)	2,266	1,804	8. Total Miles Energized (5 + 6 + 7)	3,497.88	3,524.04

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service .....	64,839,409	29. Memberships.....	528,165
2. Construction Work in Progress .....	286,749	30. Patronage Capital.....	19,070,929
3. Total Utility Plant (1 + 2) .....	65,126,158	31. Operating Margins - Prior Years.....	0
4. Accum. Provision for Depreciation and Amort .....	17,461,337	32. Operating Margins - Current Year.....	(787,785)
5. Net Utility Plant (3 - 4) .....	47,664,821	33. Non-Operating Margins.....	68,126
6. Non-Utility Property (Net) .....	0	34. Other Margins and Equities.....	1,125,536
7. Investments in Subsidiary Companies .....	786,438	35. Total Margins & Equities (29 thru 34).....	20,004,971
8. Invest. in Assoc. Org. - Patronage Capital .....	8,596,653	36. Long-Term Debt - RUS (Net).....	8,260,108
9. Invest. in Assoc. Org. - Other - General Funds .....	0	37. Long-Term Debt - FFB - RUS Guaranteed.....	21,855,538
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	920,406	38. Long-Term Debt - Other - RUS Guaranteed.....	0
11. Investments in Economic Development Projects ....	0	39. Long-Term Debt Other (Net).....	3,845,702
12. Other Investments .....	0	40. Long-Term Debt - RUS - Econ. Devel. (Net).....	0
Special Funds .....	0	41. Payments - Unapplied .....	0
Total Other Property & Investments (6 thru 13) ...	10,303,497	42. Total Long-Term Debt (36 thru 40 - 41).....	33,961,348
Cash - General Funds .....	799,140	43. Obligations Under Capital Leases - Noncurrent.....	0
16. Cash - Construction Funds - Trustee .....	0	44. Accumulated Operating Provisions and Asset Retirement Obligations..	0
17. Special Deposits .....	0	45. Total Other Noncurrent Liabilities (43 + 44).....	0
18. Temporary Investments .....	0	46. Notes Payable.....	3,548,355
19. Notes Receivable (Net) .....	0	47. Accounts Payable.....	614,276
20. Accounts Receivable - Sales of Energy (Net) .....	2,528,904	48. Consumers Deposits.....	926,130
21. Accounts Receivable - Other (Net) .....	105,678	49. Current Maturities Long-Term Debt.....	1,118,000
22. Materials and Supplies - Electric & Other .....	434,818	50. Current Maturities Long-Term Debt -Economic Development.....	0
23. Prepayments .....	201,794	51. Current Maturities Capital Leases.....	0
24. Other Current and Accrued Assets .....	0	52. Other Current and Accrued Liabilities.....	1,632,517
25. Total Current and Accrued Assets (15 thru 24) ....	4,070,334	53. Total Current & Accrued Liabilities (46 thru 52).....	7,839,278
26. Regulatory Assets .....	0	54. Regulatory Liabilities.....	0
27. Other Deferred Debits .....	37,283	55. Other Deferred Credits.....	270,338
28. Total Assets and Other Debits (5+14+25 thru 27)..	62,075,935	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55).....	62,075,935

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034  PERIOD ENDED July, 2008
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	BORROWER NAME  FARMERS RURAL ELECTRIC COOPERATIVE CORP

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**  
(check one of the following)

- All of the obligations under the RUS loan documents have been fulfilled in all material respects.
- There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather 8/15/2008  
 \_\_\_\_\_ DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	23,566,951	24,244,310	24,930,675	3,572,560
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	18,103,137	18,793,158	19,331,396	2,616,700
4. Transmission Expense				0
5. Distribution Expense - Operation	416,602	569,333	391,255	101,531
6. Distribution Expense - Maintenance	1,265,516	1,336,642	1,355,049	235,616
7. Customer Accounts Expense	564,189	600,936	526,128	64,568
8. Customer Service and Informational Expense	160,183	82,633	156,662	3,535
9. Sales Expense		0	0	0
10. Administrative and General Expense	867,530	986,738	1,000,219	157,533
11. Total Operation & Maintenance Expense (2 thru 10)	21,377,157	22,369,440	22,760,709	3,179,483
12. Depreciation and Amortization Expense	1,073,377	1,149,654	1,138,801	168,512
13. Tax Expense - Property & Gross Receipts	210,000	266,000	202,055	38,000
14. Tax Expense - Other	20,957	22,584	21,651	3,310
15. Interest on Long-Term Debt	1,082,571	1,096,802	1,130,365	161,114
16. Interest Charged to Construction - Credit		0	0	0
17. Interest Expense - Other	29,573	105,922	34,258	4,680
18. Other Deductions	8,032	4,882	8,575	650
19. Total Cost of Electric Service (11 thru 18)	23,801,667	25,015,284	25,296,414	3,555,749
20. Patronage Capital & Operating Margins (1 minus 19)	(234,716)	(770,974)	(365,739)	16,811
21. Non Operating Margins - Interest	78,525	38,816	76,719	2,319
22. Allowance for Funds Used During Construction		0	0	0
23. Income (Loss) from Equity Investments	(203)	2,322	(280)	0
24. Non Operating Margins - Other	(4,899)	17,400	(2,940)	17,400
25. Generation and Transmission Capital Credits		0	0	0
26. Other Capital Credits and Patronage Dividends	20,927	19,568	16,065	0
27. Extraordinary Items		0	0	0
28. Patronage Capital or Margins (20 thru 27)	(140,366)	(692,868)	(276,175)	36,530

USDA - RUS <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034
INSTRUCTIONS - See RUS Bulletin 1717B-2	PERIOD ENDED July, 2008

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	394	297	5. Miles Transmission		0.00
2. Services Retired	111	105	6. Miles Distribution - Overhead	3,278.84	3,293.34
3. Total Services in Place	25,987	26,358	7. Miles Distribution - Underground	222.99	233.97
4. Idle Services (Exclude Seasonals)	2,356	2,012	8. Total Miles Energized (5 + 6 + 7)	3,501.83	3,527.31

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service .....	29. Memberships.....
65,111,320	529,110
2. Construction Work in Progress .....	30. Patronage Capital.....
533,105	19,070,929
3. Total Utility Plant (1 + 2) .....	31. Operating Margins - Prior Years.....
65,644,425	0
4. Accum. Provision for Depreciation and Amort .....	32. Operating Margins - Current Year.....
17,584,541	(770,974)
5. Net Utility Plant (3 - 4) .....	33. Non-Operating Margins.....
48,059,884	87,845
6. Non-Utility Property (Net) .....	34. Other Margins and Equities.....
0	1,124,733
7. Investments in Subsidiary Companies .....	35. Total Margins & Equities (29 thru 34).....
786,438	20,041,643
8. Invest. in Assoc. Org. - Patronage Capital .....	36. Long-Term Debt - RUS (Net).....
8,596,653	8,243,322
9. Invest. in Assoc. Org. - Other - General Funds .....	37. Long-Term Debt - FFB - RUS Guaranteed.....
0	21,855,538
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	38. Long-Term Debt - Other - RUS Guaranteed.....
920,407	0
11. Investments in Economic Development Projects ....	39. Long-Term Debt Other (Net).....
0	3,845,703
12. Other Investments .....	40. Long-Term Debt - RUS - Econ. Devel. (Net).....
0	0
13. Special Funds .....	41. Payments - Unapplied .....
0	0
14. Total Other Property & Investments (6 thru 13) ...	42. Total Long-Term Debt (36 thru 40 - 41).....
10,303,498	33,944,563
15. Cash - General Funds .....	43. Obligations Under Capital Leases - Noncurrent.....
1,318,167	0
16. Cash - Construction Funds - Trustee .....	44. Accumulated Operating Provisions and Asset Retirement Obligations..
0	0
17. Special Deposits .....	45. Total Other Noncurrent Liabilities (43 + 44).....
0	0
18. Temporary Investments .....	46. Notes Payable.....
0	3,659,082
19. Notes Receivable (Net) .....	47. Accounts Payable.....
0	722,574
20. Accounts Receivable - Sales of Energy (Net) .....	48. Consumers Deposits.....
2,151,968	928,075
21. Accounts Receivable - Other (Net) .....	49. Current Maturities Long-Term Debt.....
120,370	1,118,000
22. Materials and Supplies - Electric & Other .....	50. Current Maturities Long-Term Debt -Economic Development.....
378,865	0
23. Prepayments .....	51. Current Maturities Capital Leases.....
165,786	0
24. Other Current and Accrued Assets .....	52. Other Current and Accrued Liabilities.....
0	1,843,546
25. Total Current and Accrued Assets (15 thru 24) ....	53. Total Current & Accrued Liabilities (46 thru 52).....
4,135,156	8,271,277
26. Regulatory Assets .....	54. Regulatory Liabilities.....
0	0
27. Other Deferred Debits .....	55. Other Deferred Credits.....
34,508	275,563
28. Total Assets and Other Debits (5 + 14 + 25 thru 27)..	56. Total Liabilities and Other Credits (35 + 42 + 45 + 53 thru 55).....
62,533,046	62,533,046

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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034  PERIOD ENDED August, 2008  BORROWER NAME  FARMERS RURAL ELECTRIC COOPERATIVE CORP
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.  <i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.</i>	

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We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES**

**DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

*(check one of the following)*

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

William Prather

9/11/2008

DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	27,266,838	27,807,398	28,844,660	3,563,087
2. Power Production Expense		0	0	0
3. Cost of Purchased Power	20,787,599	21,877,904	22,197,993	3,084,746
4. Transmission Expense		0	0	0
5. Distribution Expense - Operation	527,844	649,370	495,729	80,038
6. Distribution Expense - Maintenance	1,569,122	1,621,029	1,680,135	284,387
7. Customer Accounts Expense	649,602	698,167	605,779	97,231
8. Customer Service and Informational Expense	176,676	88,565	172,792	5,932
9. Sales Expense		0	0	0
10. Administrative and General Expense	1,017,435	1,136,727	1,173,052	149,989
11. Total Operation & Maintenance Expense (2 thru 10)	24,728,278	26,071,762	26,325,480	3,702,323
12. Depreciation and Amortization Expense	1,230,191	1,318,739	1,305,173	169,084
13. Tax Expense - Property & Gross Receipts	240,000	304,000	230,920	38,000
14. Tax Expense - Other	24,169	25,894	24,970	3,310
15. Interest on Long-Term Debt	1,220,354	1,232,259	1,274,231	135,456
16. Interest Charged to Construction - Credit		0	0	0
17. Interest Expense - Other	33,932	110,291	39,307	4,369
18. Other Deductions	8,807	5,037	9,402	155
19. Total Cost of Electric Service (11 thru 18)	27,485,731	29,067,982	29,209,483	4,052,697
20. Patronage Capital & Operating Margins (1 minus 19)	(218,893)	(1,260,584)	(364,823)	(489,610)
21. Non Operating Margins - Interest	86,839	41,324	84,842	2,509
22. Allowance for Funds Used During Construction		0	0	0
23. Income (Loss) from Equity Investments	(203)	2,322	(280)	0
24. Non Operating Margins - Other	62,900	20,526	37,752	3,126
25. Generation and Transmission Capital Credits		0	0	0
26. Other Capital Credits and Patronage Dividends	20,927	19,568	16,065	0
27. Extraordinary Items		0	0	0
28. Patronage Capital or Margins (20 thru 27)	(48,430)	(1,176,844)	(226,444)	(483,975)

USDA - RUS <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034
INSTRUCTIONS - See RUS Bulletin 1717B-2	PERIOD ENDED August, 2008

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	462	353	5. Miles Transmission		
2. Services Retired	135	105	6. Miles Distribution - Overhead	3,281.17	3,295.98
3. Total Services in Place	26,031	26,414	7. Miles Distribution - Underground	224.42	235.25
4. Idle Services (Exclude Seasonals)	2,279	2,124	8. Total Miles Energized (5 + 6 + 7)	3,505.59	3,531.23

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service ..... 65,284,056	29. Memberships..... 529,455
2. Construction Work in Progress ..... 511,404	30. Patronage Capital..... 19,070,929
3. Total Utility Plant (1 + 2) ..... 65,795,460	31. Operating Margins - Prior Years..... 0
4. Accum. Provision for Depreciation and Amort ..... 17,631,060	32. Operating Margins - Current Year..... (1,260,584)
5. Net Utility Plant (3 - 4) ..... 48,164,400	33. Non-Operating Margins..... 93,480
6. Non-Utility Property (Net) ..... 0	34. Other Margins and Equities..... 1,139,067
7. Investments in Subsidiary Companies ..... 786,437	35. Total Margins & Equities (29 thru 34)..... 19,572,347
8. Invest. in Assoc. Org. - Patronage Capital ..... 8,596,653	36. Long-Term Debt - RUS (Net)..... 8,144,732
9. Invest. in Assoc. Org. - Other - General Funds ..... 0	37. Long-Term Debt - FFB - RUS Guaranteed..... 21,855,538
10. Invest. in Assoc. Org. - Other - Nongeneral Funds.. 920,407	38. Long-Term Debt - Other - RUS Guaranteed..... 0
11. Investments in Economic Development Projects .... 0	39. Long-Term Debt Other (Net)..... 3,788,849
12. Other Investments ..... 0	40. Long-Term Debt - RUS - Econ. Devel. (Net)..... 0
13. Special Funds ..... 0	41. Payments - Unapplied ..... 0
14. Total Other Property & Investments (6 thru 13) ... 10,303,497	42. Total Long-Term Debt (36 thru 40 - 41)..... 33,789,119
15. Cash - General Funds ..... 913,170	43. Obligations Under Capital Leases - Noncurrent..... 0
16. Cash - Construction Funds - Trustee ..... 0	44. Accumulated Operating Provisions and Asset Retirement Obligations.. 0
17. Special Deposits ..... 0	45. Total Other Noncurrent Liabilities (43 + 44)..... 0
18. Temporary Investments ..... 674,739	46. Notes Payable..... 4,817,646
19. Notes Receivable (Net) ..... 0	47. Accounts Payable..... 582,652
20. Accounts Receivable - Sales of Energy (Net) ..... 1,823,664	48. Consumers Deposits..... 932,085
21. Accounts Receivable - Other (Net) ..... 195,206	49. Current Maturities Long-Term Debt..... 1,118,000
22. Materials and Supplies - Electric & Other ..... 451,088	50. Current Maturities Long-Term Debt -Economic Development..... 0
23. Prepayments ..... 127,462	51. Current Maturities Capital Leases..... 0
24. Other Current and Accrued Assets ..... 0	52. Other Current and Accrued Liabilities..... 1,600,939
25. Total Current and Accrued Assets (15 thru 24) .... 4,185,329	53. Total Current & Accrued Liabilities (46 thru 52)..... 9,051,322
26. Regulatory Assets ..... 0	54. Regulatory Liabilities..... 0
27. Other Deferred Debits ..... 38,843	55. Other Deferred Credits..... 279,281
28. Total Assets and Other Debits (5+14+25 thru 27).. 62,692,069	56. Total Liabilities and Other Credits (35+ 42 + 45 + 53 thru 55)..... 62,692,069





USDA - RUS  <b>FINANCIAL AND STATISTICAL REPORT</b>	BORROWER DESIGNATION KY0034 PERIOD ENDED September, 2008
INSTRUCTIONS - See RUS Bulletin 1717B-2	

**PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT**

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	507	403	5. Miles Transmission		0.00
2. Services Retired	151	118	6. Miles Distribution - Overhead	3,281.31	3,297.06
3. Total Services in Place	26,060	26,451	7. Miles Distribution - Underground	225.49	236.13
4. Idle Services (Exclude Seasonals)	2,239	2,140	8. Total Miles Energized (5 + 6 + 7)	3,506.80	3,533.19

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant in Service .....	29. Memberships.....
65,285,346	530,105
2. Construction Work in Progress .....	30. Patronage Capital.....
581,251	19,070,929
3. Total Utility Plant (1 + 2) .....	31. Operating Margins - Prior Years.....
65,866,597	0
4. Accum. Provision for Depreciation and Amort .....	32. Operating Margins - Current Year.....
17,525,311	(1,429,436)
5. Net Utility Plant (3 - 4) .....	33. Non-Operating Margins.....
48,341,286	170,596
6. Non-Utility Property (Net) .....	34. Other Margins and Equities.....
0	1,139,067
7. Investments in Subsidiary Companies .....	35. Total Margins & Equities (29 thru 34).....
786,438	19,481,261
8. Invest. in Assoc. Org. - Patronage Capital .....	36. Long-Term Debt - RUS (Net).....
8,622,587	8,126,887
9. Invest. in Assoc. Org. - Other - General Funds .....	37. Long-Term Debt - FFB - RUS Guaranteed.....
0	21,768,085
10. Invest. in Assoc. Org. - Other - Nongeneral Funds..	38. Long-Term Debt - Other - RUS Guaranteed.....
920,407	0
11. Investments in Economic Development Projects ....	39. Long-Term Debt Other (Net).....
0	3,788,849
12. Other Investments .....	40. Long-Term Debt - RUS - Econ. Devel. (Net).....
0	0
13. Special Funds .....	41. Payments - Unapplied .....
0	0
14. Total Other Property & Investments (6 thru 13) ...	42. Total Long-Term Debt (36 thru 40 - 41).....
10,329,432	33,683,821
15. Cash - General Funds .....	43. Obligations Under Capital Leases - Noncurrent.....
1,745,719	0
16. Cash - Construction Funds - Trustee .....	44. Accumulated Operating Provisions and Asset Retirement Obligations..
0	0
17. Special Deposits .....	45. Total Other Noncurrent Liabilities (43 + 44).....
0	0
18. Temporary Investments .....	46. Notes Payable.....
53,111	4,817,647
19. Notes Receivable (Net) .....	47. Accounts Payable.....
220	1,058,961
20. Accounts Receivable - Sales of Energy (Net) .....	48. Consumers Deposits.....
1,708,853	933,684
21. Accounts Receivable - Other (Net) .....	49. Current Maturities Long-Term Debt.....
162,581	1,118,000
22. Materials and Supplies - Electric & Other .....	50. Current Maturities Long-Term Debt -Economic Development.....
435,831	0
23. Prepayments .....	51. Current Maturities Capital Leases.....
78,220	0
24. Other Current and Accrued Assets .....	52. Other Current and Accrued Liabilities.....
0	1,515,762
25. Total Current and Accrued Assets (15 thru 24) ....	53. Total Current & Accrued Liabilities (46 thru 52).....
4,184,535	9,444,054
26. Regulatory Assets .....	54. Regulatory Liabilities.....
0	0
27. Other Deferred Debits .....	55. Other Deferred Credits.....
37,393	283,510
28. Total Assets and Other Debits (5 + 14 + 25 thru 27)..	56. Total Liabilities and Other Credits (35 + 42 + 45 + 53 thru 55).....
62,892,646	62,892,646



**FARMERS RECC**  
Glasgow, KY

**Case No. 2008-00030**

**Cost of Service Study**

December 2008

TEST YEAR REVENUE REQUIREMENTS

TEST YEAR EXPENSES

	Acct No.	Description	Actual Test Year	Adjust ments	Adjusted Test Year
1					
2					
3					
4					
42					
43	920	Administrative Salaries	631,024	4,029	635,052
44	921	Office Supplies	218,881	1,397	220,279
45	923	Outside Services	39,275	251	39,525
46	924	Property Ins	17,630	113	17,743
47	925	Injuries & Damages	63,841	408	64,248
48	926	Employ Pensions & Benef	242,831	1,550	244,381
49	928	Regulatory Exp	-	-	-
50	929	Duplicate Charges	-	-	-
51	930	Misc General Exp	485,627	3,100	488,727
52	931	Rents	-	-	-
53	932	Maintenance of Gen. Plant	51,312	328	51,640
54		<b>Total Admin &amp; General</b>	<u>1,750,421</u>	<u>11,175</u>	<u>1,761,596</u>
55					
56	403.6	Deprec. Distribution Plant	1,861,095	181,980	2,043,075
57	403.7	Deprec. General Plant	107,643	17,173	124,816
58		<b>Total Depreciation</b>	<u>1,968,738</u>	<u>199,153</u>	<u>2,167,891</u>
59					
60	408.1	Property Taxes	467,113	39,091	506,204
61	408.16	Taxes Other Than Inc. Taxes	38,841	-	38,841
62	416&426	Miscell. Income Deductions	6,857	(6,857)	(0)
63		<b>Total Miscellaneous</b>	<u>512,811</u>	<u>32,234</u>	<u>545,045</u>
64					
65	427.1	Interest - RUS Constuc	438,118	185,434	623,552
66	427.11	Interest - FFB Notes	1,116,369		1,116,369
67	427.2	Interest - Other LTD	292,560		292,560
68		<b>Total Interest on LTD</b>	<u>1,847,047</u>	<u>185,434</u>	<u>2,032,481</u>
69					
70	431.1	Other Interest Expense	126,287	(126,287)	-
71	431	Interest on Customer Dep.	53,947		53,947
72	431.2	Other Interest	-		-
73		<b>Total ST Interest</b>	<u>180,235</u>	<u>(126,287)</u>	<u>53,947</u>
74					
75		<b>Total Costs</b>	<u>42,919,976</u>	<u>(2,033,094)</u>	<u>40,886,881</u>
76		<b>Margin Requirements</b>	<u>1,847,047</u>	<u>185,434</u>	<u>2,032,481</u>
77		<b>Total Revenue Require.</b>	<u>44,767,023</u>	<u>(1,847,660)</u>	<u>42,919,362</u>
78					

**FARMERS RECC**  
**CASE NO. 2008-00030**

Exhibit R  
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Wintess: Jim Adkins

**TEST YEAR REVENUE REQUIREMENTS**

		<b>TEST YEAR EXPENSES</b>			
1	2	3	4	5	
6	7	8	9	10	
11	12	13	14	15	
16	17	18	19	20	
21	22	23	24	25	
26	27	28	29	30	
31	32	33	34	35	
36	37	38	39	40	
41	42	43	44	45	
	Acct No.	Description	Actual Test Year	Adjust ments	Adjusted Test Year
	555	Purchased Power			
		Base Rates	26,505,088	2,926,526	29,431,614
		FAC & ES Clauses	5,377,743	(5,377,743)	-
		<b>Total Purchased Power</b>	<b>31,882,831</b>	<b>(2,451,217)</b>	<b>29,431,614</b>
	580	Operations Supv & Eng	47,957	1,711	49,668
	582	Station Expense	-	-	-
	583	Overhead Line Exp.	157,023	2,147	159,170
	584	Underground Line Exp	-	-	-
	586	Meter Expense	243,016	16,506	259,522
	587	Consumer Installations	21,033	628	21,661
	588	Misc. Distribution Exp	579,135	16,096	595,231
	589	Rents	-	-	-
		<b>Total Dist. Operations</b>	<b>1,048,164</b>	<b>37,088</b>	<b>1,085,252</b>
	590	Maint Supv & Eng	-	-	-
	592	Maint of Station Equip	-	-	-
	593	Maint. Overhead Lines	2,219,721	39,587	2,259,309
	594	Maint of Underground Lines	-	-	-
	595	Maint Line Transformers	110,271	1,274	111,545
	596	Maint of St Lg & Signal Sys	-	-	-
	597	Maintenance of Meters	32,045	445	32,490
	598	Maint Misc Distrib Plant	78,441	2,292	80,733
		<b>Total Dist. Maint.</b>	<b>2,440,478</b>	<b>43,598</b>	<b>2,484,076</b>
	901	Supervision	-		
	902	Meter Reading Expense	71,242		71,242
	903	Cons Recds & Collections	872,908	28,541	901,449
	904	Uncollectible Accounts	160,346		160,346
		<b>Total Consum Accts</b>	<b>1,104,496</b>	<b>28,541</b>	<b>1,133,037</b>
	907	Customer Information	-		-
	908	Customer Assistance	175,676	7,187	182,863
	909	Public Safety Awareness	8,944		8,944
	912	Marketing Expense	136		136
		<b>Total Customer Serv.</b>	<b>184,756</b>	<b>7,187</b>	<b>191,943</b>

FARMERS RECC  
CASE NO. 2008-00030

PAYROLL EXPENSES

Used in the Allocation of the Test Year Adjusted Expenses

Acct No.	Description	Total Wages	Percent	Oper. Percent	Oper. Adjust.
580	Operations Supv & Eng	22,438	1.12%	4.61%	1,711
582	Station Expense				
583	Overhead Line Exp.	28,155	1.41%	5.79%	2,147
584	Underground Line Exp				
586	Meter Expense	216,433	10.83%	44.50%	16,506
587	Consumer Installations	8,231	0.41%	1.69%	628
588	Misc. Distribution Exp	211,055	10.56%	43.40%	16,096
	<b>Total Dist. Operations</b>	<b>486,312</b>	<b>24.33%</b>	<b>100.00%</b>	<b>37,088</b>
				<b>Maint. Percent</b>	<b>Maint. Adjust.</b>
590	Maint Supv & Eng	-	0.00%	0.00%	-
592	Maint of Station Equip	-	0.00%	0.00%	-
593	Maint. Overhead Lines	463,548	23.19%	90.80%	39,587
595	Maint Line Transformers	14,920	0.75%	2.92%	1,274
597	Maintenance of Meters	5,211	0.26%	1.02%	445
598	Maint Misc Distrib Plant	26,836	1.34%	5.26%	2,292
	<b>Total Dist. Maint.</b>	<b>510,515</b>	<b>25.54%</b>	<b>100.00%</b>	<b>43,598</b>
901	Supervision				
902	Meter Reading Expense	32,007	1.60%		
903	Cons Recds & Collections	373,240	18.67%		
	<b>Total Consum Accts</b>	<b>405,247</b>	<b>20.28%</b>		
907	Customer Accounting	71,669			
908	Customer Information	4,015	0.20%		
	<b>Total Customer Serv.</b>	<b>75,684</b>	<b>3.79%</b>		
920	Administrative Salaries	373,240	18.67%		
930	Miscellaneous	42,463	2.12%		
926	Employ Pensions & Benef	97,464	4.88%		
935	Misc. General Plant	7,734	0.39%		
	<b>Total Admin &amp; General</b>	<b>520,901</b>	<b>26.06%</b>		
		<b>1,998,659</b>	<b>100.0%</b>		

Used in the General Plant Allocation in Rate Base

Payroll Summary	Actual	Percent	w/o A&G	Percent
Dist Operations	486,312	24.33%	486,312	32.91%
Dist. Maintenance	510,515	25.54%	510,515	34.55%
Consumer Accounts	405,247	20.28%	405,247	27.42%
Consumer Service	75,684	3.79%	75,684	5.12%
Admin. & General	520,901	26.06%		
	<b>1,998,659</b>	<b>100.00%</b>	<b>1,477,758</b>	<b>100.0%</b>

FARMERS RECC  
CASE NO. 2008-00030

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FUNCTIONALIZATION SUMMARY

Expense	Adjusted Expenses	Purchased Power	Lines	Transformers	Services	Meters	Consumer Services & Accounting	Outdoor Lighting	Street Lighting
Purchased Power	29,431,614	29,431,614							
Distribution Operations	1,085,252		330,131	-	60,158	639,594	-	55,370	-
Distribution Maintenance	2,484,076		1,965,258	115,292	358,117	33,582	-	11,828	-
Consumer Accounts	1,133,037						1,133,037		
Customer Service	191,943						191,943		
Administrative & General	1,761,596		693,030	231,325	123,398	98,511	573,305	38,358	3,669
Depreciation	2,167,891		1,240,657	414,116	220,907	176,353	40,621	68,668	6,569
Miscellaneous	545,045		308,406	102,942	54,914	43,838	16,242	17,070	1,633
Interest on Long Term Debt	2,032,481		1,162,407	387,997	206,974	165,230	39,381	64,337	6,155
Short Term Interest	53,947		30,853	10,298	5,494	4,386	1,045	1,708	163
Total Costs	40,886,881	29,431,614	5,730,742	1,261,971	1,029,960	1,161,493	1,995,573	257,339	18,189
Margin Requirements	2,032,481	-	1,162,407	387,997	206,974	165,230	39,381	64,337	6,155
Revenue Requirements	42,919,362	29,431,614	6,893,149	1,649,968	1,236,934	1,326,723	2,034,954	321,677	24,344



**FARMERS RECC**  
**CASE NO. 2008-00030**  
**FUNCTIONALIZATION OF TEST YEAR EXPENSES**

Exhibit R  
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		Expenses		FUNCTIONALIZATION									
		Adjusted	Purchased					Consumer				Alloc.	
Acct	Description	Test Year	Power	Lines	Trans- formers	Services	Meters	Services & Accounting	Security Lighting	Street Lighting	Total	Basis	
555	Purchased Power												
	Base Rates	29,431,614	29,431,614								29,431,614		
	FAC & ES Clauses	-	-								-		
	<b>Total Purchased Power</b>	<b>29,431,614</b>	<b>29,431,614</b>								<b>29,431,614</b>	DA	
580	Operations Supv & Eng	49,668		15,109		2,753	29,272		2,534		49,668	1 & 2	
582	Station Expense	-									-		
583	Overhead Line Exp.	159,170		133,954		24,410			806		159,170	DA	
584	Underground Line Exp	-									-		
586	Meter Expense	259,522					259,522				259,522	DA	
587	Consumer Installations	21,661							21,661		21,661	DA	
588	Misc. Distribution Exp	595,231		181,068		32,995	350,800		30,369		595,231	2	
589	Rents	-									-		
	<b>Total Dist. Operations</b>	<b>1,085,252</b>		<b>330,131</b>	-	<b>60,158</b>	<b>639,594</b>	-	<b>55,370</b>		<b>1,085,252</b>		
590	Maint Supv & Eng	-		-	-	-	-				-	3	
592	Maint of Station Equip	-									-	DA	
593	Maint. Overhead Lines	2,259,309		1,901,387		346,478			11,444		2,259,309	DA	
594	Maint of Underground Lines	-									-		
595	Maint Line Transformers	111,545			111,545						111,545	DA	
596	Maint of St Lg & Signal Sys	-									-		
597	Maintenance of Meters	32,490					32,490				32,490	DA	
598	Maint Misc Distrib Plant	80,733		63,871	3,747	11,639	1,091		384		80,733	3	
	<b>Total Dist. Maint.</b>	<b>2,484,076</b>		<b>1,965,258</b>	<b>115,292</b>	<b>358,117</b>	<b>33,582</b>	-	<b>11,828</b>		<b>2,484,076</b>		
901	Supervision	-									-		
902	Meter Reading Expense	71,242						71,242			71,242	DA	
903	Cons Recds & Collections	901,449						901,449			901,449	DA	
904	Uncollectible Accounts	160,346						160,346			160,346	DA	
	<b>Total Consum Accts</b>	<b>1,133,037</b>						<b>1,133,037</b>			<b>1,133,037</b>	DA	
907	Customer Information	-									-		
908	Customer Assistance	182,863						182,863			182,863	DA	
913	Sales	8,944						8,944			8,944	DA	
910	Miscellaneous Cust Inform.	136						136			136		
	<b>Total Customer Serv.</b>	<b>191,943</b>						<b>191,943</b>			<b>191,943</b>	DA	

**FARMERS RECC  
CASE NO. 2008-00030  
FUNCTIONALIZATION OF TEST YEAR EXPENSES**

Exhibit R  
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			Expenses	FUNCTIONALIZATION									
Acct No.	Description	Adjusted Test Year	Purchased Power	Lines	Trans-formers	Services	Meters	Consumer Services & Accounting	Security Lighting	Street Lighting	Total	Alloc. Basis	
920	Administrative Salaries	635,052											
921	Office Supplies	220,279											
923	Outside Services	39,525											
924	Property Ins	17,743											
925	Injuries & Damages	64,248											
926	Employ Pensions & Benef	244,381											
928	Regulatory Exp	-											
929	Duplicate Charges	-											
930	Misc General Exp	488,727											
931	Rents	-											
935	Maintenance of Gen. Plant	51,640											
	<b>Total Admin &amp; General</b>	<b>1,761,596</b>		<b>693,030</b>	<b>231,325</b>	<b>123,398</b>	<b>98,511</b>	<b>573,305</b>	<b>38,358</b>	<b>3,669</b>	<b>1,761,596</b>	4 Gen Pit	
403	Deprec. Distribution Plant	2,043,075		1,191,553	397,726	212,163	169,373	-	65,951	6,309	2,043,075	DA	
403	Deprec. General Plant	124,816		49,104	16,390	8,743	6,980	40,621	2,718	260	124,816	4 GenPit	
	<b>Total Depreciation</b>	<b>2,167,891</b>		<b>1,240,657</b>	<b>414,116</b>	<b>220,907</b>	<b>176,353</b>	<b>40,621</b>	<b>68,668</b>	<b>6,569</b>	<b>2,167,891</b>		
408	Property Taxes	506,204											
	Taxes Other Than Inc. Taxes	38,841											
16&42	Miscell. Income Deductions	(0)											
	<b>Total Miscellaneous</b>	<b>545,045</b>		<b>308,406</b>	<b>102,942</b>	<b>54,914</b>	<b>43,838</b>	<b>16,242</b>	<b>17,070</b>	<b>1,633</b>	<b>545,045</b>	Tot Pit	
427.1	Interest - RUS Constuc	623,552											
427.3	Interest - FFB Notes	1,116,369											
427.2	Interest - Other LTD	292,560											
	<b>Total Interest on LTD</b>	<b>2,032,481</b>		<b>1,162,407</b>	<b>387,997</b>	<b>206,974</b>	<b>165,230</b>	<b>39,381</b>	<b>64,337</b>	<b>6,155</b>	<b>2,032,481</b>	5 Rt Base	
431	Other Interest Expense	-											
431.1	Interest on Customer Dep.	53,947											
431.2	Other Interest	-											
	<b>Total ST Interest</b>	<b>53,947</b>		<b>30,853</b>	<b>10,298</b>	<b>5,494</b>	<b>4,386</b>	<b>1,045</b>	<b>1,708</b>	<b>163</b>	<b>53,947</b>	Rate Base	
	<b>Total Costs</b>	<b>40,886,881</b>	<b>29,431,614</b>	<b>5,730,742</b>	<b>1,261,971</b>	<b>1,029,960</b>	<b>1,161,493</b>	<b>1,995,573</b>	<b>257,339</b>	<b>18,189</b>	<b>40,886,881</b>		
	<b>Margin Requirements</b>	<b>2,032,481</b>	-	<b>1,162,407</b>	<b>387,997</b>	<b>206,974</b>	<b>165,230</b>	<b>39,381</b>	<b>64,337</b>	<b>6,155</b>	<b>2,032,481</b>		
	<b>Total Revenue Require.</b>	<b>42,919,362</b>	<b>29,431,614</b>	<b>6,893,149</b>	<b>1,649,968</b>	<b>1,236,934</b>	<b>1,326,723</b>	<b>2,034,954</b>	<b>321,677</b>	<b>24,344</b>	<b>42,919,362</b>		

**FARMERS RECC  
CASE NO. 2008-00030  
FUNCTIONALIZATION OF TEST YEAR EXPENSES**

FOOTNOTES								
1	Line Expenses are Allocated between Lines and Services Based on Plant Investment.							
2	<u>Allocation of Dist. Oper. Supervision &amp; Miscellaneous Expenses</u>							
				<u>Actual</u>	<u>%</u>		<u>Superv</u>	<u>Miscell. Exp.</u>
	Overhead Line Exp.			133,954	30.42%		15,109	181,068
	Services			24,410	5.54%		2,753	32,995
	Lighting			806	0.18%		91	1,090
	Meter Expense			259,522	58.94%		29,272	350,800
	Consumer Installations			21,661	4.92%		2,443	29,279
				<u>440,352</u>	<u>100.0%</u>		<u>49,668</u>	<u>595,231</u>
3	<u>Allocation of Dist. Maint. Supervision &amp; Miscellaneous Expenses</u>							
				<u>Actual</u>	<u>%</u>		<u>Superv</u>	<u>Miscell. Exp.</u>
	Maint. Overhead Lines			1,901,387	79.11%		-	63,871
	Services			346,478	14.42%		-	11,639
	Lighting			11,444	0.48%		-	384
	Maint Line Transformers			111,545	4.64%		-	3,747
	Maintenance of Meters			32,490	1.35%		-	1,091
				<u>2,403,344</u>	<u>100.0%</u>		<u>-</u>	<u>80,733</u>
4	General Plant Allocation Comes From the Rate Base Schedule Line General Plant Percent							
5	Rate Base Allocation Comes from the Rate Base Schedule Line Rate Base Percent.							
6	<u>Overhead O&amp;M Expense Allocation to Lines, Services &amp; Lighting</u>							
	<u>Rate Base Data</u>	<u>Total</u>	<u>Lines</u>	<u>Services</u>	<u>Outdoor Lighting</u>	<u>Lines</u>	<u>Services</u>	<u>Outdoor Lighting</u>
	Poles, Towers and Fixtures	19,251,990	19,089,408		162,582	99.2%		0.8%
	Overhead Conductor	14,708,616	14,708,616			100.0%		
	Services	6,199,641		6,158,803	40,839		99.3%	0.7%
		<u>40,160,248</u>	<u>33,798,024</u>	<u>6,158,803</u>	<u>203,421</u>	<u>84.2%</u>	<u>15.3%</u>	<u>0.5%</u>

**FARMERS RECC  
CASE NO. 2008-00030  
RATE BASE ALLOCATION**

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Plant Account	Description	\$\$\$\$	Distribution Plant Balances							
			Lines	Transformers	Services	Meters	Consumer & Accounting Services	Outdoor Lighting	Street Lighting	
360	Land & Land Rights	-	-							
362	Station Equipment	16,235	16,235							
364	Poles, Towers and Fixtures	19,251,990	19,089,408					162,582		
365	Overhead Conductor	14,708,616	14,708,616							
366	Underground Conduit	-	-							
367	UG Conductor	774,841	774,841							
368	Line Transformers	11,545,419		11,545,419						
369	Services	6,199,641			6,158,803			40,839		
370	Meters	4,916,658				4,916,658				
371	Install. On Consumer Prem.	1,711,032						1,711,032		
373	Street Ltg & Signal Systems	183,137								183,137
	<b>Total Distribution Plant</b>	<b>59,307,571</b>	<b>34,589,100</b>	<b>11,545,419</b>	<b>6,158,803</b>	<b>4,916,658</b>	<b>-</b>	<b>1,914,453</b>	<b>183,137</b>	
	<b>Distribution Plant Percent</b>	<b>100.00%</b>	<b>58.3%</b>	<b>19.5%</b>	<b>10.4%</b>	<b>8.3%</b>	<b>0.0%</b>	<b>3.2%</b>	<b>0.3%</b>	
	<b>Total General Plant</b>	<b>5,977,775</b>	<b>2,351,718</b>	<b>784,975</b>	<b>418,738</b>	<b>334,284</b>	<b>1,945,445</b>	<b>130,164</b>	<b>12,452</b>	
	<b>General Plant Percent</b>	<b>100.00%</b>	<b>39.3%</b>	<b>13.1%</b>	<b>7.0%</b>	<b>5.6%</b>	<b>32.5%</b>	<b>2.2%</b>	<b>0.2%</b>	
	<b>Total Utility Plant</b>	<b>65,285,346</b>	<b>36,940,818</b>	<b>12,330,394</b>	<b>6,577,541</b>	<b>5,250,943</b>	<b>1,945,445</b>	<b>2,044,617</b>	<b>195,588</b>	
	<b>Utility Plant Percent</b>	<b>100.00%</b>	<b>56.58%</b>	<b>18.89%</b>	<b>10.08%</b>	<b>8.04%</b>	<b>2.98%</b>	<b>3.13%</b>	<b>0.30%</b>	
	<b>Accum. Depreciation</b>									
	<b>Distribution Plant</b>	<b>14,409,188</b>	<b>8,403,663</b>	<b>2,805,040</b>	<b>1,496,324</b>	<b>1,194,536</b>	<b>-</b>	<b>465,130</b>	<b>44,494</b>	
	<b>General Plant</b>	<b>3,116,123</b>	<b>1,225,915</b>	<b>409,195</b>	<b>218,282</b>	<b>174,257</b>	<b>1,014,131</b>	<b>67,852</b>	<b>6,491</b>	
	<b>Net Plant</b>	<b>47,760,035</b>	<b>27,311,240</b>	<b>9,116,159</b>	<b>4,862,935</b>	<b>3,882,149</b>	<b>931,314</b>	<b>1,511,635</b>	<b>144,603</b>	
	<b>Net Plant Percent</b>	<b>100.00%</b>	<b>57.18%</b>	<b>19.09%</b>	<b>10.18%</b>	<b>8.13%</b>	<b>1.95%</b>	<b>3.17%</b>	<b>0.30%</b>	
	<b>CWIP</b>	<b>581,251</b>	<b>338,995</b>	<b>113,152</b>	<b>60,360</b>	<b>48,186</b>	<b>-</b>	<b>18,763</b>	<b>1,795</b>	
	<b>Subtotal</b>	<b>48,341,286</b>	<b>27,650,235</b>	<b>9,229,311</b>	<b>4,923,295</b>	<b>3,930,335</b>	<b>931,314</b>	<b>1,530,397</b>	<b>146,398</b>	
	<b>Plus</b>									
	<b>Cash Working Capital</b>	<b>831,988</b>	<b>475,880</b>	<b>158,843</b>	<b>84,733</b>	<b>67,644</b>	<b>16,029</b>	<b>26,339</b>	<b>2,520</b>	
	<b>Materials &amp; Supplies</b>	<b>498,611</b>	<b>285,195</b>	<b>95,195</b>	<b>50,781</b>	<b>40,539</b>	<b>9,606</b>	<b>15,785</b>	<b>1,510</b>	
	<b>Prepayments</b>	<b>178,892</b>	<b>102,323</b>	<b>34,154</b>	<b>18,219</b>	<b>14,545</b>	<b>3,446</b>	<b>5,663</b>	<b>542</b>	
	<b>Minus: Consumer Advances</b>	<b>283,510</b>	<b>165,347</b>	<b>55,191</b>	<b>29,441</b>	<b>23,503</b>	<b>-</b>	<b>9,152</b>	<b>875</b>	
	<b>Net Investment Rate Base</b>	<b>49,567,267</b>	<b>28,348,286</b>	<b>9,462,312</b>	<b>5,047,587</b>	<b>4,029,560</b>	<b>960,395</b>	<b>1,569,033</b>	<b>150,094</b>	
	<b>Rate Base Percent</b>	<b>100.00%</b>	<b>57.19%</b>	<b>19.09%</b>	<b>10.18%</b>	<b>8.13%</b>	<b>1.94%</b>	<b>3.17%</b>	<b>0.30%</b>	

FARMERS RECC  
CASE NO. 2008-00030

Exhibit R  
Schedule 3  
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Witness: Jim Adkins

CLASSIFICATION SUMMARY

	Consumer Related <u>Costs</u>	Demand Related <u>Costs</u>	Energy Related <u>Costs</u>	Security <u>Lighting</u>	Street <u>Lighting</u>	<u>Total</u>
Purchased Power	-	6,932,042	22,499,572	-		29,431,614
Lines	1,092,971	5,800,178	-	-		6,893,149
Transformers	515,308	1,134,661	-	-		1,649,968
Services	1,236,934	-	-	-		1,236,934
Meters	1,326,723	-		-		1,326,723
Consumer Services & Accounting	2,034,954	-	-			- 2,034,954
Lighting				321,677	24,344	346,020
	6,206,889	13,866,881	22,499,572	321,677	24,344	42,919,363

FARMERS RECC  
CASE NO. 2008-00030

Exhibit R  
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CLASSIFICATION OF EXPENSES

			Consumer Related Costs	Demand Related Costs	Total
		1			
<u>Expense</u>		<u>Lines</u>			
Purchased Power		0	-	-	-
Distribution Operations		330,131	52,345	277,786	330,131
Distribution Maintenance		1,965,258	311,609	1,653,649	1,965,258
Consumer Accounts		-	-	-	-
Customer Service		-	-	-	-
Administrative & General		693,030	109,886	583,144	693,030
Depreciation		1,240,657	196,717	1,043,940	1,240,657
Miscellaneous		308,406	48,901	259,506	308,406
Interest on Long Term Debt		1,162,407	184,310	978,097	1,162,407
Short Term Interest		30,853	4,892	25,961	30,853
Total Costs		5,730,742	908,661	4,822,081	5,730,742
Margin Requirements		1,162,407	184,310	978,097	1,162,407
Revenue Requirements		6,893,149	1,092,971	5,800,178	6,893,149
		2	Consumer Related Costs	Demand Related Costs	Total
<u>Expense</u>		<u>Transformers</u>			
Purchased Power		-	-	-	-
Distribution Operations		-	-	-	-
Distribution Maintenance		115,292	36,007	79,285	115,292
Consumer Accounts		-	-	-	-
Customer Service		-	-	-	-
Administrative & General		231,325	72,246	159,079	231,325
Depreciation		414,116	129,334	284,782	414,116
Miscellaneous		102,942	32,150	70,792	102,942
Interest on Long Term Debt		387,997	121,177	266,820	387,997
Short Term Interest		10,298	3,216	7,082	10,298
Total Costs		1,261,971	394,131	867,840	1,261,971
Margin Requirements		387,997	121,177	266,820	387,997
Revenue Requirements		1,649,968	515,308	1,134,661	1,649,968
			Energy Related Costs	Demand Related Costs	
Purchased Power			22,499,572	6,932,042	29,431,614



DEMAND AND CONSUMER RELATED INVESTMENTS

Account 364 - Poles

1. Actual Data

Poles	Size	Investment	Number of Units	Unit Cost
35' & less	30	5,424,971	36,682	147.89
40' & 45'	43	6,507,814	22,977	283.23
50' & larger	55	380,778	1,256	303.17
		-	-	
		-	-	
		-	-	
		-	-	
<b>Subtotal</b>		12,313,563	60,915.00	
Other Investment for this Account		6,938,427		
<b>Total Investment</b>		19,251,990	60,915.00	

2. Demand and Consumer Investment Percents

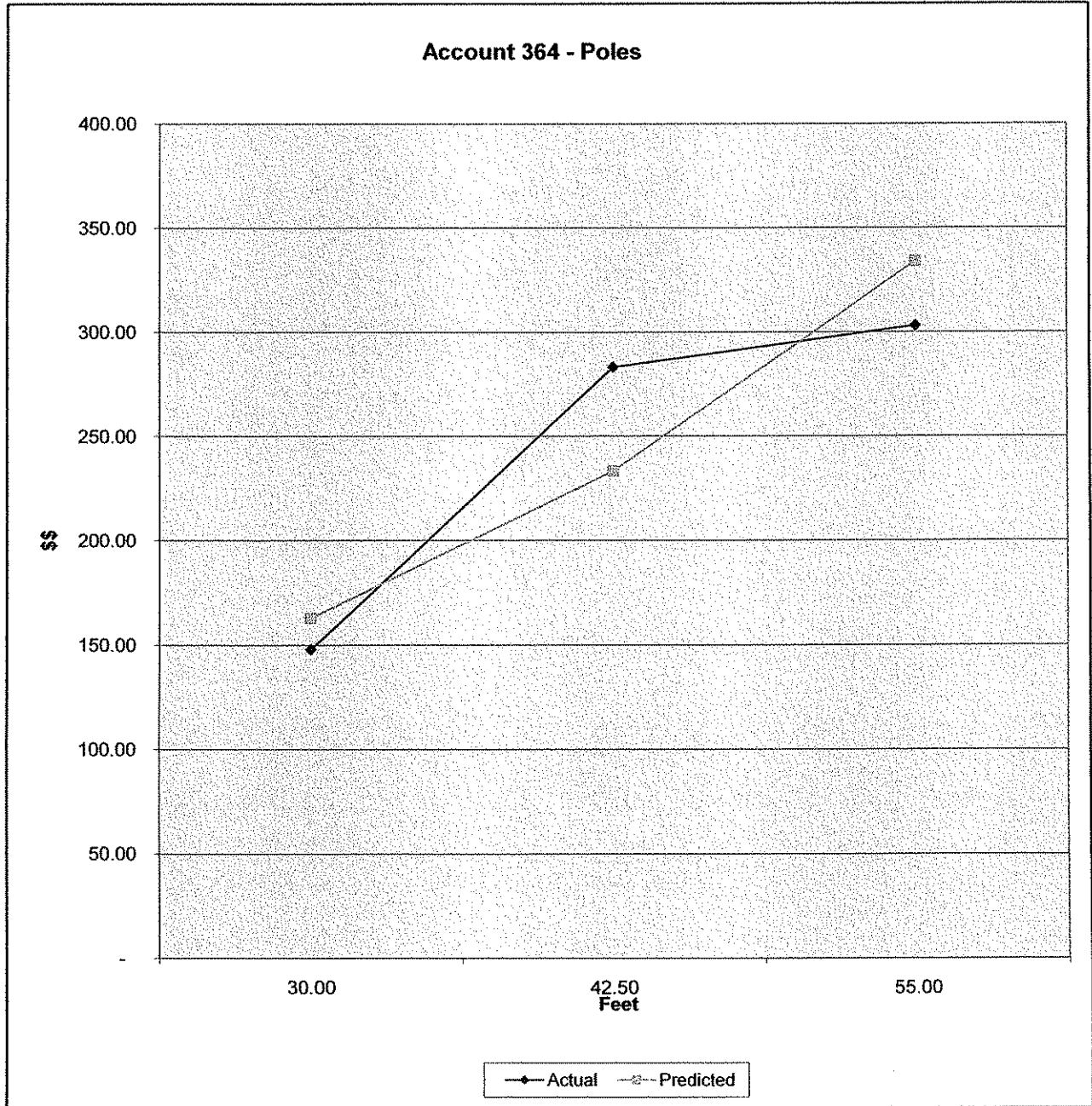
Exponential Curve Formula	x-Variable	b-Constant	Y=(b*m^x)
	1.029	68.86	
Use "Y Intercept"			68.86
Number of poles			60,915.00
Consumer Related Investment			4,194,623
Total Investment			19,251,990
<b>Percent Customer Related</b>			<b>21.79%</b>
<b>Percent Demand Related</b>			<b>78.21%</b>

3. Data for Graph

Pole Size	Unit Cost	Predicted
-		68.86
5.00		79.49
17.50		113.81
30.00	147.89	162.95
42.50	283.23	233.30
55.00	303.17	334.03
67.50		478.26



DEMAND AND CONSUMER RELATED INVESTMENTS



**DEMAND AND CONSUMER RELATED INVESTMENTS**

**Account 365 - Overhead Conductor**

1. Actual Data

Conductor	Investment	Number of Units	Unit Cost	Amp Ratings
ACSR #4	1,781,097	21,441,048	\$ 0.0831	99
ACSR #2	3,090,671	8,437,396	\$ 0.3663	129
ACSR 1/0	1,473,237	4,883,890	\$ 0.3017	170
ACSR 4/0	655,305	1,145,839	\$ 0.5719	252
ACSR 397	303,758	470,479	\$ 0.6456	383
ACSR 2/0	7,394	79,472	\$ 0.0930	
ACSR 3/0	51,401	336,857	\$ 0.1526	
ACSR 12/7 Petrel	2,854	2,424	\$ 1.1772	
Alumoweld stand 452	14,966	79,037	\$ 0.1894	350
AAC 37 Arbutus	15,618	7,995	\$ 1.9534	559
Copper #6	147	2,983	\$ 0.0494	
Copper #4	233	3,318	\$ 0.0702	
Copper #2	2,452	30,102	\$ 0.0815	
Copper 1/0	12,851	101,796	\$ 0.1262	
Copper 2/0	626	250	\$ 2.5022	
CWC #8A	26,165	810,702	\$ 0.0323	
CWC #6A	9,974	313,500	\$ 0.0318	
Steel #6	145	10,031	\$ 0.0145	
<b>SUBTOTAL</b>	<b>7,448,893</b>	<b>38,157,119</b>	<b>\$ 0.1952</b>	
All other OH Conductor Invest.	7,259,724			
<b>TOTAL</b>	<b>14,708,616</b>	<b>38,157,119</b>		

2. Demand and Consumer Investment Percents

Regression Equation	x-Variable	b-Constant	Y=(a+bx)
	0.00175	0.03119	
Use "Y Intercept"			0.03119
Amount of Conduit			38,157,119
Consumer Related Investment			1,190,137
Total Investment			14,708,616
<b>Percent Customer Related</b>			<b>8.09%</b>
<b>Percent Demand Related</b>			<b>91.91%</b>

**DEMAND AND CONSUMER RELATED INVESTMENTS**

**Account 365 - Overhead Conductor**

**Breakdown of Lines into Demand Related and Consumer Related Components**

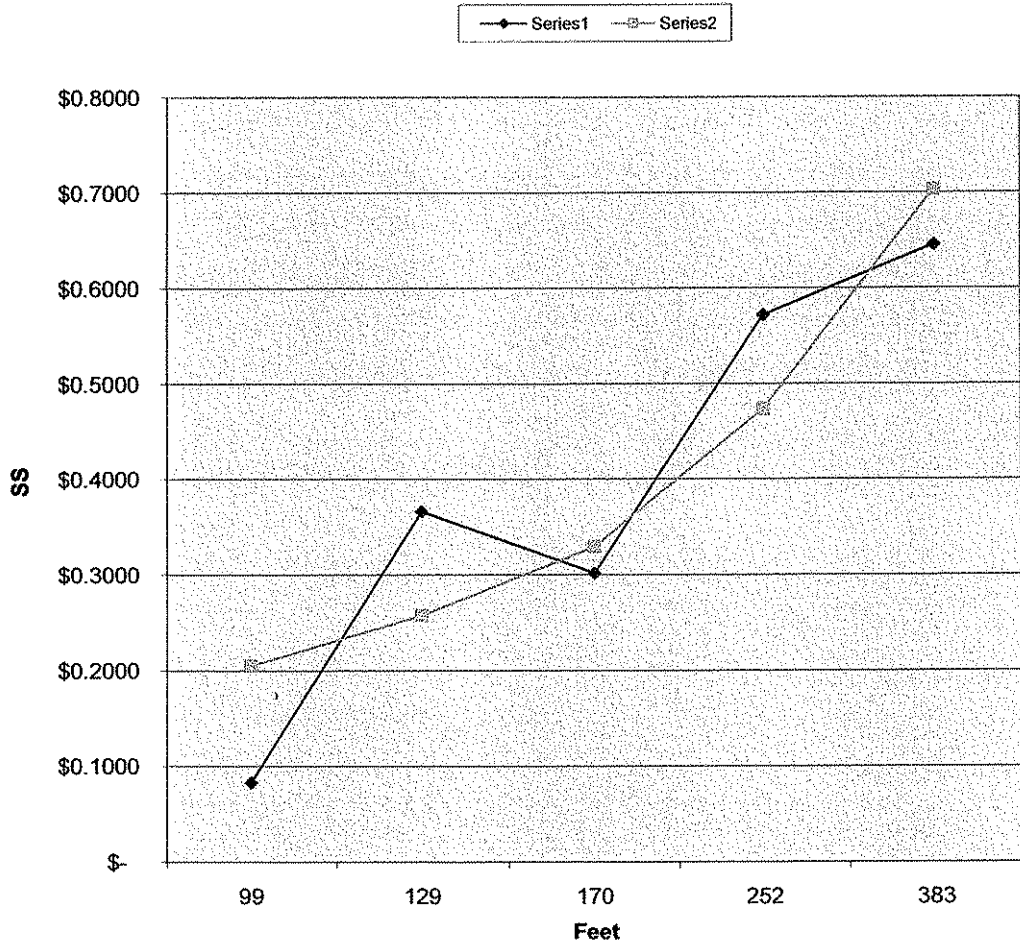
	Total Investment	Consumer		Demand	
		Percent	Amount	Percent	Amount
<b>Conductor</b>	14,708,616	8.09%	1,190,137.23	91.91%	13,518,479
<b>Poles</b>	19,251,990	21.79%	4,194,622.53	78.21%	15,057,368
	33,960,606		5,384,759.76		28,575,847
<b>Percent</b>			<b>15.86%</b>		<b>84.14%</b>

**3. Data for Graph**

Amp Ratings	Unit Cost	Predicted Cost
99	\$ 0.0831	\$ 0.2049
129	\$ 0.3663	\$ 0.2575
170	\$ 0.3017	\$ 0.3295
252	\$ 0.5719	\$ 0.4734
383	\$ 0.6456	\$ 0.7032

DEMAND AND CONSUMER RELATED INVESTMENTS

Account 365 - Overhead Conductor



DEMAND AND CONSUMER RELATED INVESTMENTS

Account 368-Transformers

1. Actual Data

Transformers	Size for Regression	Investment	Number of Units	Unit Cost
10 CSP	10.00	654,568	1,345	486.67
15.00	15.00	2,659,596	4,986	533.41
25.00	25.00	1,449,823	2,338	620.11
37.50	37.50	213,025	268	794.87
50.00	50.00	49,938	55	907.96
10 CONV	10.00	4,941	11	449.18
15.00	15.00	21,707	41	529.43
25.00	25.00	65,325.88	104	628.13
37.50	37.50	29,608.39	36	822.46
50.00	50.00	78,104	85	918.87
75.00		54,799	40	1,369.98
100.00		63,073	43	1,466.81
167.00		50,796	26	1,953.69
250-333		25,691	8	3,211.38
333 AUTO		40,665	20	2,033.24
500.00		336,494	96	3,505.14
1,000.00		74,361	13	5,720.04
300 PAD		57,857	10	5,785.70
500.00		42,897	7	6,128.14
1,000.00		69,183	5	13,836.60
1,500.00		75,734	5	15,146.80
2,500.00		281,701	12	23,475.08
15 PAD	15.00	769	1	769.00
25.00	25.00	102,765	98	1,048.62
50 & 75		26,313	24	1,096.38
100 & 167		11,751	5	2,350.20
250.00		6,194	2	3,097.00
Subtotal		6,547,678	9,684	
All other Transformer Investmen		4,997,741		
Total		11,545,419		

2. Demand and Consumer Investment Percents

Regression Equation	x-Variable	a-Constant	Y=(a+bx)
	10.96553936	372.3453841	
Use "Y Intercept"			372.35
Number of transformers			9,684.00
Consumer Related Investment			3,605,793
Total Investment			11,545,419
Percent Customer Related			31.23%
Percent Demand Related			68.77%

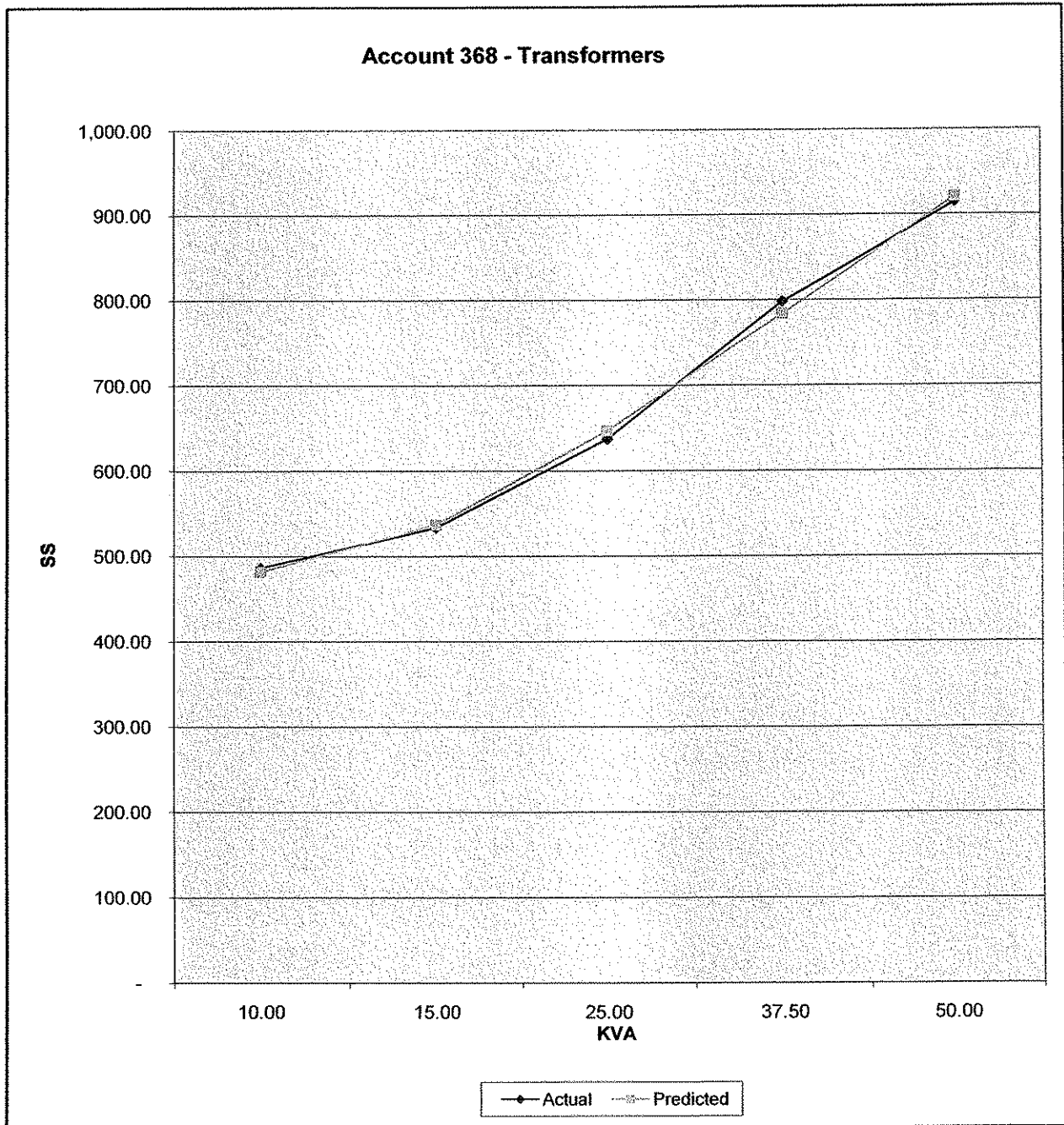
DEMAND AND CONSUMER RELATED INVESTMENTS

Account 368-Transformers

3. Data for Graph

Transformer	Investment	Number of Units	Unit Cost	
10.00	659,509	1,356	486.36	482.00
15.00	2,682,071	5,028	533.43	536.83
25.00	1,617,914	2,540	636.97	646.48
37.50	242,633	304	798.14	783.55
50.00	128,042	140	914.59	920.62

DEMAND AND CONSUMER RELATED INVESTMENTS



**FARMERS RECC**  
**CASE NO. 2008-00030**  
**ALLOCATION OF EXPENSES TO RATE CLASSES**

Exhibit R  
Schedule 4  
Page 21 of 32  
Witness: Jim Adkins

**RESULTS OF THE COST OF SERVICE STUDY**

Function	Classification	Amount	R Residential Service	RM Off-Peak Marketing	C1 Small Commercial	C2 Small Com w/Demand	CM Off-Peak Marketing
Purchased Power	Demand	6,932,042	4,861,327	-	447,852	281,264	-
Purchased Power	Energy	22,499,572	14,228,287	86,643	1,362,711	1,631,120	392
Lines	Consumer	1,092,971	1,011,787	-	72,142	4,166	-
Lines	Demand	5,800,178	3,976,689	-	-	509,663	-
Transformers	Consumer	515,308	473,649	-	33,772	3,638	-
Transformers	Demand	1,134,661	732,158	-	96,184	65,476	-
Services	Consumer	1,236,934	1,072,852	1,246	76,496	86,332	8
Meters	Consumer	1,326,723	1,217,893	15,556	86,838	5,014	57
Consumer Services & Accounting	Consumer	2,034,954	1,802,114	17,698	128,494	7,981	65
Lighting	Lighting	346,020					
Revenue Requirements		42,919,363	29,376,757	121,142	2,304,489	2,594,654	522

**SUMMARY**

	Amount	R	RM	C1	C2	CM
		Residential	Off-Peak	Small	Small Com	Off-Peak
		Service	Marketing	Commercial	w/Demand	Marketing
Consumer Related	6,206,889	5,578,296	34,500	397,741	107,131	130
Demand Related	13,866,881	9,570,174	-	544,037	856,403	-
Energy Related	22,499,572	14,228,287	86,643	1,362,711	1,631,120	392
Lighting	346,020					
Revenue Requirements	42,919,363	29,376,757	121,142	2,304,489	2,594,654	522



**FARMERS RECC**  
**CASE NO. 2008-00030**  
**ALLOCATION OF EXPENSES TO RATE CLASSES**

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**RESULTS OF THE COST OF SERVICE STUDY**

Function	Classification	D Large Commercial	E Large Industrial	SL Street Lighting	OL Security Lighting	Total
Purchased Power	Demand	519,376	768,766	3,104	50,353	6,932,042
Purchased Power	Energy	2,373,785	2,478,918	20,089	317,628	22,499,572
Lines	Consumer	237	142	284	4,213	1,092,971
Lines	Demand	636,786	578,554	5,701	92,785	5,800,178
Transformers	Consumer	207	2,069	-	1,972	515,308
Transformers	Demand	117,240	106,519	-	17,083	1,134,661
Services	Consumer	-	-	-	-	1,236,934
Meters	Consumer	434	931	-	-	1,326,723
Consumer Services & Accounting	Consumer	453	486	623	77,040	2,034,954
Lighting	Lighting			24,344	321,677	346,020
Revenue Requirements		3,648,518	3,936,385	54,145	882,750	42,919,363

**SUMMARY**

	D	E	SL	OL	Total
	Large	Large	Street	Security	
	Commercial	Industrial	Lighting	Lighting	
Consumer Related	1,331	3,628	908	83,225	6,206,889
Demand Related	1,273,402	1,453,839	8,805	160,220	13,866,881
Energy Related	2,373,785	2,478,918	20,089	317,628	22,499,572
Lighting			24,344	321,677	346,020
Revenue Requirements	3,648,518	3,936,385	54,145	882,750	42,919,363

FARMERS RECC  
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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

Energy Sales in kWh

Month	R Residential Service	RM Off-Peak Marketing	C1 Sml Com > 50 kW	C2 Sml Com < 50 kW	CM Off-Peak Marketing	D Large Com & Indust.	SL Street Lighting	OL Security Lights	Total	E Large Indust Service
October	22,907,349	3,681	2,826,222	3,431,654		5,377,800	37,105	587,842	35,171,653	6,034,200
November	22,424,421	115,713	2,320,931	2,741,996	547	4,851,000	37,105	587,842	33,079,555	6,028,800
December	27,549,990	330,758	2,351,658	2,753,196	1,719	3,984,600	37,105	587,842	37,596,868	5,652,000
January	32,019,826	420,722	2,358,710	2,741,637	2,639	3,868,200	37,105	587,842	42,036,681	4,547,400
February	36,106,158	470,678	2,588,724	2,844,855	2,927	4,176,600	37,210	587,737	46,814,889	5,650,200
March	31,663,510	407,782	2,449,613	3,037,959	1,470	4,067,400	37,210	587,737	42,252,681	5,486,400
April	24,798,416	239,629	2,207,618	2,548,582	272	4,030,800	37,210	587,737	34,450,264	5,516,400
May	18,679,233	106,212	1,999,137	2,708,289		4,356,000	37,210	587,737	28,473,818	5,524,200
June	22,330,668	18,088	2,495,579	2,953,611		4,545,000	37,210	587,737	32,967,893	5,653,800
July	25,435,846	907	2,797,630	3,289,384		3,879,600	37,210	587,737	36,028,314	5,918,400
August	27,418,650	667	3,036,001	3,356,242		4,914,000	37,210	587,737	39,350,507	5,551,800
September	24,620,063	648	2,828,611	3,813,340		4,661,400	37,210	587,737	36,549,009	5,609,400
	315,954,130	2,115,485	30,260,434	36,220,745	9,574	52,712,400	446,100	7,053,264	444,772,132	# 67,173,000
Allocation Percent	71.38%	0.00%	6.84%	8.18%	0.00%	11.91%	0.10%	1.59%	100.00%	

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

Class Contributions to Wholesale Power Suppliers Billing Peak (CP) - kW

Month	R Residential Service	RM Off-Peak Marketing	C1 Sml Com > 50 kW	C2 Sml Com < 50 kW	CM Off-Peak Marketing	D Large Com & Indust.	SL Street Lighting	OL Secrity Lights	Total	E Large Indust Service
October	55,069.00	-	5,415.00	3,785.00	-	8,566.00	-	-	72,835.00	8,758
November	52,882.00	-	5,225.00	3,965.00	-	8,997.00	105.00	1,698.00	72,872.00	8,259
December	68,931.00	-	6,119.00	3,765.00	-	5,427.00	101.00	1,642.00	85,985.00	7,920
January	94,612.00	-	6,852.00	3,975.00	-	5,815.00	97.00	1,580.00	112,931.00	8,010
February	77,025.00	-	5,501.00	4,057.00	-	7,512.00	98.00	1,592.00	95,785.00	7,770
March	74,240.00	-	5,368.00	2,951.00	-	3,465.00	-	-	86,024.00	6,123
April	54,633.00	-	6,663.00	3,868.00	-	7,351.00	98.00	1,584.00	74,197.00	8,196
May	44,105.00	-	4,683.00	2,930.00	-	3,418.00	-	-	55,136.00	6,707
June	63,800.00	-	6,373.00	3,408.00	-	9,185.00	-	-	82,766.00	8,745
July	66,170.00	-	6,439.00	3,991.00	-	8,616.00	-	-	85,216.00	8,509
August	70,447.00	-	6,979.00	4,318.00	-	7,091.00	-	-	88,835.00	8,395
September	59,715.00	-	6,391.00	4,210.00	-	8,065.00	-	-	78,381.00	8,154
	781,629.00	-	72,008.00	45,223.00	-	83,508.00	499.00	8,096.00	990,963.00	95,546
Allocation Percent	78.88%	0.00%	7.27%	4.56%	0.00%	8.43%	0.05%	0.82%	100.00%	100.00%

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LOAD DATA USED IN THE ALLOCATION OF THE DEMAND RELATED AND ENERGY RELATED COSTS

Sum of the Class Peak Demands for the Test Period- kW

Month	R Residential Service	RM Off-Peak Marketing	C1 Sml Com > 50 kW	C2 Sml Com < 50 kW	CM Off-Peak Marketing	D Large Com & Indust.	SL Street Lighting	OL Security Lights	E Large Indust Service	Total
October	57,391	-	8,140	8,175	-	12,468	91	1,470	9,580	97,315
November	52,882	-	7,355	7,795	-	12,765	105	1,698	9,588	92,188
December	68,931	-	8,723	8,309	-	13,074	101	1,642	9,625	110,405
January	94,612	-	8,628	8,499	-	9,791	97	1,580	9,265	132,472
February	77,025	-	8,059	7,465	-	9,614	98	1,592	9,385	113,238
March	74,240	-	8,444	7,918	-	9,395	91	1,472	9,851	111,411
April	54,633	-	7,853	7,534	-	9,354	98	1,584	9,643	90,699
May	44,105	-	7,811	7,621	-	10,565	91	1,489	9,811	81,493
June	63,800	-	8,468	8,229	-	9,729	91	1,495	10,101	101,913
July	69,719	-	10,466	8,983	-	10,135	91	1,494	9,580	110,468
August	74,455	-	9,902	10,571	-	10,234	91	1,487	9,433	116,173
September	60,590	-	10,247	10,455	-	9,760	91	1,485	9,419	102,047
	792,383	-	104,096	101,554	-	126,884	1,136	18,488	115,281	1,259,822
Allocation % Lines	68.56%	0.00%	0.00%	8.79%	0.00%	10.98%	0.10%	1.60%	9.97%	1,155,726 109.01%
Allocation % Transformers	792,383 64.53%	- 0.00%	104,096 8.48%	70,862 5.77%	0% 0.00%	126,884 10.33%	- 0.00%	18,488 1.51%	115,281 9.39%	1,227,994 100.00%

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ALLOCATION OF CONSUMER RELATED COSTS

A. Lines (poles and conduit)

		Number of Consumers	Allocation Percent
R	Residential Service	21,374	92.57%
RM	Off-Peak Marketing - Resid	-	0.00%
C1	Small Commercial < 50 kW	1,524	6.60%
C2	Small Commercial 50 kW & above	88	0.38%
CM	Off-Peak Marketing-Sml Com	0	0.00%
D	Large Commercial	5	0.02%
E	Large Industrial Serv	3	0.01%
SL	Street Lightiny	6	0.03%
OL	Security Lights	89	0.39%
		23,089	100.0%

B. Transformers

		1	2	3	4	5	6
		Minimum Size Transform.	Cost of Minimum Transform.	Weighted Cost Min = 1	Number of Customers	Relative Weight	Allocation Percent
R	Residential Service	10 KVA	\$ 486.67	1.00	21,374	21,374	91.9%
RM	Off-Peak Marketing - Resid	-	-	-	-	-	0.0%
C1	Small Commercial < 50 kW	10 KVA	486.67	1.00	1,524	1,524	6.6%
C2	Small Commercial 50 kW & above	50 KVA	\$ 907.96	1.87	88.0	164	0.7%
CM	Off-Peak Marketing-Sml Com	-	-	-	-	-	0.0%
D	Large Commercial	50 KVA	907.96	1.87	5	9	0.0%
E	Large Industrial Serv	1500 KVA	\$ 15,147	31.12	3	93	0.4%
SL	Street Lightiny	-	-	-	-	-	0.0%
OL	Security Lights	10 KVA	486.67	1.00	89.00	89	0.4%
						23,253.88	100.0%

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**ALLOCATION OF CONSUMER RELATED COSTS**

**C. Services**

		1	2	3	4	5	6	0
		Minimum Size Service	Cost Per Unit	Average Length of Service	Cost of Service	Number of Customers	Relative Weight	Allocation Percent
R	Residential Service	#4	\$ 0.055	110.00	6.08	21,374	130,018	86.73%
RM	Off-Peak Marketing - Resid	#4	0.06	10.00	0.55	273	151	0.10%
C1	Small Commercial < 50 kW	#4	0.06	110.00	6.08	1,524	9,270	6.18%
C2	Small Commercial 50 kW & above	2/0	\$ 1.59	75.00	118.89	88	10,462	6.98%
CM	Off-Peak Marketing-Sml Com	#4	0.06	10.00	0.55	1	1	0.00%
D	Large Commercial	-			-	5	-	0.00%
E	Large Industrial Serv	-			-	3	-	0.00%
SL	Street Lightiny	0			-	6	-	0.00%
OL	Security Lights	#6	\$ -	15.00	-	7,908	-	0.00%
							149,903	100%

**D. Meters**

		1	2	3	4	5	6
		Minimum Size Meter	Cost of Minimum Meter	Weighted Cost Meter	Number of Customers	Relative Weight	Allocation Percent
R	Residential Service	240V C200	129.29	1.00	21,374	21,374.00	91.797%
RM	Off-Peak Marketing - Resid	240V C200	129.29	1.00	273	273.00	1.172%
C1	Small Commercial < 50 kW	240V C200	129.29	1.00	1,524	1,524.00	6.545%
C2	Small Commercial 50 kW & above	240V C200	129.29	1.00	88	88.00	0.378%
CM	Off-Peak Marketing-Sml Com	240V C200	129.29	1.00	1	1.00	0.004%
D	Large Commercial		197.00	1.52	5	7.62	0.033%
E	Large Industrial Serv		704.00	5.45	3	16.34	0.070%
SL	Street Lightiny		-	-	-	-	0.000%
OL	Security Lights		-	-	-	-	0.000%
						23,283.95	100.0%

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**ALLOCATION OF CONSUMER RELATED COSTS**

**E. Consumer & Accounting Services**

Rate Class		Meter Reading	Consumer Assistance	Total	Allocation Percent
R	Residential Service	65,157	796,238	861,395.51	88.56%
RM	Off-Peak Marketing - Resid	832	7,627	8,459.70	0.87%
C1	Small Commercial < 50 kW	4,646	56,773	61,418.86	6.31%
C2	Small Commercial 50 kW & above	537	3,278	3,814.76	0.39%
CM	Off-Peak Marketing-Sml Com	3	28	30.99	0.00%
D	Large Commercial	30	186	216.75	0.02%
E	Large Industrial Serv	37	196	232.16	0.02%
SL	Street Lightiny	-	298	298.02	0.03%
OL	Security Lights	-	36,824	36,824.25	3.79%
-	-	71,242	901,449	972,691.00	8%

**Meter Reading**

Rate Class		Factor	Number of Consumers	Relative Weight	Allocation Percent	Expense Allocated
R	Residential Service	1.00	21,374	21,374	91.5%	65,157
RM	Off-Peak Marketing - Resid	1.00	273	273	1.2%	832
C1	Small Commercial < 50 kW	1.00	1,524	1,524	6.5%	4,646
C2	Small Commercial 50 kW & above	2.00	88	176	0.8%	537
CM	Off-Peak Marketing-Sml Com	1.00	1	1	0.0%	3
D	Large Commercial	2.00	5	10	0.0%	30
E	Large Industrial Serv	4.00	3	12	0.1%	37
SL	Street Lightiny	-	6	-	0.0%	-
OL	Security Lights	-	89	-	0.0%	-
-	-			2337000.0%	100.0%	71,242

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ALLOCATION OF CONSUMER RELATED COSTS

Consumer Records

Rate Class	Factor	Number of Consumers	Relative Weight	Allocation Percent	Expense Allocated
R Residential Service	4.00	21,374	85,496	88.3%	796,238
RM Off-Peak Marketing - Resid	3.00	273	819	0.8%	7,627
C1 Small Commercial < 50 kW	4.00	1,524	6,096	6.3%	56,773
C2 Small Commercial 50 kW & above	4.00	88	352	0.4%	3,278
CM Off-Peak Marketing-Sml Com	3.00	1	3	0.0%	28
D Large Commercial	4.00	5	20	0.0%	186
E Large Industrial Serv	7.00	3	21	0.0%	196
SL Street Lightiny	1.00	32	32	0.0%	298
OL Security Lights	0.50	7,908	3,954	4.1%	36,824
-	-				
-	-	31,208	96,793	100%	901,449



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Witness: Jim Adkins

DETERMINATION OF INCREASE BY RATE CLASS

	R Residential Service	RM Off-Peak Marketing	C1 Small Commercial	C2 Small Com w/Demand	CM Off-Peak Marketing	D Large Commercial	E Large Industrial	SL Street Lighting	OL Security Lighting	Total
Total Revenue										
Requirements	29,376,757	121,142	2,304,489	2,594,654	522	3,648,518	3,936,385	54,145	882,750	42,919,363
Revenue from Rates	24,084,611	95,006	2,372,866	2,870,282	450	3,591,504	3,806,179	58,653	740,999	37,620,551
Under (Over)	5,292,146	26,136	(68,377)	(275,627)	72	57,014	130,206	(4,508)	141,751	5,298,812
Less Other Revenue	806,238	3,180	79,432	96,083	15	120,226	127,413	1,963	24,805	1,259,356
COSS Based Revenue Increase (Decrease)	4,485,908	22,956	(147,810)	(371,711)	57	(63,212)	2,793	(6,472)	116,946	4,039,456
<b>REVISED INCREASE BASED ON MANAGEMENT &amp; DIRECTORS</b>										
Revenue Increase (Decrease)	3,520,273	22,956	71,186	86,108	57	107,745	114,185	-	116,946	4,039,456
Percent Increase (Decrease)	14.62%	24.16%	3.00%	3.00%	12.67%	3.00%	3.00%	0.00%	15.78%	10.74%
Revenue Require- ments from Rates	27,604,884	117,962	2,444,052	2,956,390	507	3,699,249	3,920,365	58,653	857,945	41,660,007

**FARMERS RECC  
CASE NO. 2008-00030**

Exhibit R  
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Witness: Jim Adkins

**PROPOSED RATE DESIGN**

	R Residential Service	RM Off-Peak Marketing	C1 Small Commercial	C2 Small Com w/Demand	CM Off-Peak Marketing	D Large Commercial	E Large Industrial	SL Street Lighting	OL Security Lighting	Total
Revenue Require- ments from Rates	27,604,884	117,962	2,444,052	2,956,390	507	3,699,249	3,920,365	58,653	857,945	41,660,007
<u>Cost to Service from Schedule 4 - Allocation</u>										
Consumer Related	5,578,296	34,500	397,741	107,131	130	1,331	3,628	908	83,225	6,206,889
Demand Related	9,570,174	-	544,037	856,403	-	1,273,402	1,453,839	8,805	160,220	13,866,881
Energy Related	14,228,287	86,643	1,362,711	1,631,120	392	2,373,785	2,478,918	20,089	317,628	22,499,572
Lighting	-	-	-	-	-	-	-	24,344	321,677	346,020
Total	29,376,757	121,142	2,304,489	2,594,654	522	3,648,518	3,936,385	54,145	882,750	42,919,363
Proportional amount of distribution related costs	88.30%	90.78%	114.82%	137.54%	88.42%	103.98%	98.90%	113.24%	95.61%	93.83%

<b>Revised Cost to Serve</b>	R Residential Service	RM Off-Peak Marketing	C1 Small Commercial	C2 Small Com w/Demand	CM Off-Peak Marketing	D Large Commercial	E Large Industrial	SL Street Lighting	OL Security Lighting	- - Total
Consumer Related	4,925,819	31,319	456,683	147,350	115	1,384	3,588	1,028	79,572	5,824,090
Demand Related	8,450,778	-	624,658	1,177,919	-	1,324,081	1,437,859	9,970	153,188	13,011,665
Energy Related	14,228,287	86,643	1,362,711	1,631,120	392	2,373,785	2,478,918	20,089	317,628	22,499,572
Lighting	-	-	-	-	-	-	-	27,566	307,557	324,680
Total	27,604,884	117,962	2,444,052	2,956,390	507	3,699,249	3,920,365	58,653	857,945	41,660,007

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PROPOSED RATE DESIGN

	<u>R</u> Residential Service	<u>RM</u> Off-Peak Marketing	<u>C1</u> Small Commercial	<u>C2</u> Small Com w/Demand	<u>CM</u> Off-Peak Marketing	<u>D</u> Large Commercial	<u>E</u> Large Industrial	<u>SL</u> Street Lighting	<u>OL</u> Security Lighting
<u>Billing Units</u>									
Consumer Charges	253,104		17,895	1,019		60	36		
Demand KW				118,839		132,123	116,534		
Energy kWh	305,319,486	2,115,485	29,038,615	36,220,745	9,574	52,712,400	67,173,000		
Consumer Charge	\$ 9.00		\$ 11.00	\$ 50.00		\$ 50.00	\$ 1,100.00		
Revenue	2,277,936		196,845	50,950		3,000	39,600		
Demand Charge				\$ 6.86		\$ 6.86	\$ 6.86		
Revenue				815,239		906,364	799,422		
Primary Discount						364,060			
Total Revenue	27,722,846		2,444,052	-		7,019,699	3,920,365		
Energy Revenue	25,444,910		2,247,207			5,244,147	3,081,343		
Energy Rate	0.082994	0.049796	0.077387	0.058967	0.046432	0.058967	0.045872		
MV 175 Watt									\$8.72
MV 175 Watt, shared									\$2.91
MV 250 Watt									\$9.93
MV 400 Watt									\$15.07
MV 1000 Watt									\$26.35
SV 100 Watt									\$9.14
SV 150 Watt									\$10.59
SV 250 Watt									\$14.36
SV 400 Watt									\$18.41
SV 1000 Watt									\$39.83



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Statement of Operations, Adjusted

Exhibit S  
page 1 of 4

Witness: Alan Zumstein

	<u>Actual Test Year</u>	<u>Normalized Adjustments</u>	<u>Normalized Test Year</u>	<u>Proposed Increase</u>	<u>Proposed Test Year</u>
<b>Operating Revenues:</b>					
Base rates	35,665,496	1,955,055	37,620,551	4,039,455	41,660,006
Fuel and surcharge	5,071,359	(5,071,359)	0		0
Other electric revenue	753,586	238,654	992,240		992,240
	<u>41,490,441</u>	<u>(2,877,650)</u>	<u>38,612,791</u>	<u>4,039,455</u>	<u>42,652,246</u>
<b>Operating Expenses:</b>					
<b>Cost of power:</b>					
Base rates	26,505,088	2,926,526	29,431,614		29,431,614
Fuel and surcharge	5,377,743	(5,377,743)	0		0
Distribution - operations	1,048,163	37,088	1,085,251		1,085,251
Distribution - maintenance	2,440,478	43,598	2,484,076		2,484,076
Consumer accounts	1,104,496	28,541	1,133,037		1,133,037
Customer service	184,756	7,187	191,943		191,943
Sales	0	0	0		0
Administrative and general	1,750,421	11,175	1,761,596		1,761,596
	<u>38,411,145</u>	<u>(2,323,628)</u>	<u>36,087,517</u>	<u>0</u>	<u>36,087,517</u>
Depreciation	1,968,738	199,153	2,167,891		2,167,891
Taxes - property	467,113	39,091	506,204		506,204
Taxes - other	38,841	0	38,841		38,841
Interest on long-term debt	1,847,047	185,434	2,032,481		2,032,481
Interest expense - other	180,234	(126,287)	53,947		53,947
Other deductions	6,857	(6,857)	0		0
	<u>42,919,975</u>	<u>(2,033,094)</u>	<u>40,886,881</u>	<u>0</u>	<u>40,886,881</u>
Utility operating margins	<u>(1,429,534)</u>	<u>(844,556)</u>	<u>(2,274,090)</u>	<u>4,039,455</u>	<u>1,765,365</u>
Nonoperating margins, interest	74,836	0	74,836		74,836
Equity investment income (loss)	56,868	0	56,868		56,868
Nonoperating margins, other	24,447	0	24,447		24,447
Patronage capital credits	110,965	0	110,965		110,965
	<u>(\$1,162,418)</u>	<u>(\$844,556)</u>	<u>(\$2,006,974)</u>	<u>\$4,039,455</u>	<u>\$2,032,481</u>
<b>Net Margins</b>					
TIER	0.37		0.01		2.00

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Balance Sheet, Adjusted  
September 30, 2008

Exhibit S  
page 2 of 4  
Witness: Alan Zumstein

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	<u>Actual Test Year</u>	<u>Adjustments to Test Year</u>	<u>Adjusted Test Year</u>
<b><u>ASSETS</u></b>			
Electric Plant:			
In service	65,285,346		65,285,346
Under construction	581,251		581,251
	<u>65,866,597</u>		<u>65,866,597</u>
Less accumulated depreciation	17,525,311	199,153	17,724,464
	<u>48,341,286</u>	<u>(199,153)</u>	<u>48,142,133</u>
Investments	<u>10,329,432</u>		<u>10,329,432</u>
Current Assets:			
Cash and temporary investments	1,798,830		1,798,830
Accounts receivable, net	1,871,654		1,871,654
Material and supplies	435,831		435,831
Prepayments and current assets	78,220		78,220
	<u>4,184,535</u>		<u>4,184,535</u>
Deferred debits and net change in assets	<u>37,393</u>	<u>3,394,052</u>	<u>3,431,445</u>
Total	<u>62,892,646</u>	<u>3,194,899</u>	<u>66,087,545</u>
<b><u>MEMBERS' EQUITIES AND LIABILITIES</u></b>			
Margins:			
Memberships	530,105		530,105
Patronage capital	18,951,156	3,194,899	22,146,055
	<u>19,481,261</u>	<u>3,194,899</u>	<u>22,676,160</u>
Long Term Debt	<u>34,801,821</u>		<u>34,801,821</u>
Current Liabilities:			
Short term borrowings	4,817,647		4,817,647
Accounts payable	1,058,961		1,058,961
Consumer deposits	933,684		933,684
Accrued expenses	1,515,762		1,515,762
	<u>8,326,054</u>		<u>8,326,054</u>
Deferred credits	<u>283,510</u>		<u>283,510</u>
Total	<u>62,892,646</u>	<u>3,194,899</u>	<u>66,087,545</u>

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Summary of Adjustments to Test Year

Exhibit S  
page 3 of 4  
Witness: Alan Zumstein

	Adj 1	Adj 2	Adj 3	Adj 4	Adj 5	Adj 6	Adj 7	Adj 8	Adj 9	Adj 10	Adj 11	Adj 12	Adj 13	Adj 14	Adj 15	Adj 16	Adj 17	Total	
	Salaries	Payroll Taxes	Deprec	Property Tax	Interest	FAS 106 Cost	Retirement	Donations	Professional Fees	Directors	Misc Expenses	Rate Case	CATV	Non-Recurring	Purchase Power	Normalize Revenue	Additional Revenue		
Operating Revenues:																			
Base rates																	1,955,055		1,955,055
Fuel and surcharge																	(5,071,359)		(5,071,359)
Other electric revenue													14,493	67,430			156,731		238,654
	0	0	0	0	0	0	0	0	0	0	0	0	14,493	67,430	0	(3,116,304)	156,731		(2,877,650)
Operating Expenses:																			
Cost of power:																			
Base rates															2,926,526				2,926,526
Fuel and surcharge															(5,377,743)				(5,377,743)
Distribution - operation:	10,003	892	6,322			5,070	14,801												37,088
Distribution - maintenar	10,500	936	11,302			5,322	15,538												43,598
Consumer accounts	8,335	743	2,904			4,225	12,334												28,541
Customer service	1,557	139	2,399			789	2,303												7,187
Sales																			0
Administrative and gen	10,096	900	4,122			5,117	14,940		(1,572)	(75,467)	29,039	24,000						11,175	
Total operating expen	40,491	3,610	27,049	0	0	20,523	59,916	0	(1,572)	(75,467)	29,039	24,000	0	0	(2,451,217)	0	0	(2,323,628)	
Depreciation			199,153																199,153
Taxes - property				39,091															39,091
Taxes - other																			0
Interest on long-term debt					185,434														185,434
Interest expense - other					(126,287)														(126,287)
Other deductions								(6,857)											(6,857)
Total cost of electric s	40,491	3,610	226,202	39,091	59,147	20,523	59,916	(6,857)	(1,572)	(75,467)	29,039	24,000	0	0	(2,451,217)	0	0	(2,033,094)	
Utility operating margi	(40,491)	(3,610)	(226,202)	(39,091)	(59,147)	(20,523)	(59,916)	6,857	1,572	75,467	(29,039)	(24,000)	14,493	67,430	2,451,217	(3,116,304)	156,731	(844,556)	
Nonoperating margins, interest																			0
Equity investment income (loss)																			0
Nonoperating margins, other																			0
Patronage capital credits																			0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Margins	(40,491)	(3,610)	(226,202)	(39,091)	(59,147)	(20,523)	(59,916)	6,857	1,572	75,467	(29,039)	(24,000)	14,493	67,430	2,451,217	(3,116,304)	156,731	(844,556)	

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Proposed Revenues  
September 30, 2008

Interest on long term debt	2,032,481
Normalized margins	<u>(2,006,974)</u>
Proposed increase in revenues over normalized revenues to attain a TIER of 2.0x	<u><u>\$4,039,455</u></u>





Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Monthly Operating Budget  
September 30, 2008

	October	November	December	January	February	March	April	May	June	July	August	September	Total
Operating revenue	3,206,784	3,242,210	3,295,803	3,444,025	3,945,046	3,904,019	3,576,735	3,084,100	3,606,398	3,370,352	3,913,985	4,085,382	42,674,839
Operating expenses:													
Cost of power	2,341,415	2,457,643	2,368,596	2,679,097	3,017,306	3,163,274	2,704,222	2,333,247	2,764,080	2,670,170	2,866,597	3,331,125	32,696,772
Distribution-operations	56,585	82,137	73,328	99,068	47,452	88,892	127,473	(92,179)	99,742	20,807	104,474	22,352	730,131
Distribution-maintenance	106,494	103,259	95,315	119,815	195,557	194,242	208,589	195,970	220,861	220,015	325,086	99,222	2,084,425
Consumer accounts	64,855	72,561	75,206	76,566	72,474	76,279	71,827	89,862	70,785	68,335	79,651	79,967	898,368
Customer services	19,199	24,919	34,121	25,645	34,355	31,907	27,097	16,259	10,941	10,458	16,130	16,424	267,455
Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Administrative and general	116,509	133,924	154,408	152,159	143,930	162,055	161,303	123,700	103,342	153,730	172,833	153,756	1,731,649
Total operation and main	2,705,057	2,874,443	2,800,974	3,152,350	3,511,074	3,716,649	3,300,511	2,666,859	3,269,751	3,143,515	3,564,771	3,702,846	38,408,800
Depreciation	153,121	173,166	157,838	160,058	161,195	162,028	162,757	163,344	163,687	165,732	166,372	167,622	1,956,920
Taxes - property	28,803	28,803	33,166	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	28,865	350,557
Taxes-other	3,020	3,020	3,020	3,055	3,056	3,055	3,055	3,056	3,055	3,319	3,319	3,319	37,349
Interest on long term debt	164,548	126,710	165,434	172,365	125,128	173,914	166,922	121,783	191,707	178,546	143,866	165,395	1,896,318
Interest expense - other	7,976	7,742	7,568	5,235	4,484	4,771	4,976	4,980	4,635	5,177	5,049	4,894	67,487
Other deductions	187	161	53	2,255	267	133	102	5,818	0	0	827	1,842	11,645
Total cost of electric serv	3,062,712	3,214,045	3,168,053	3,524,183	3,834,069	4,089,415	3,667,188	2,994,705	3,661,700	3,525,154	3,913,069	4,074,783	42,729,076
Utility operating margins	144,072	28,165	127,750	(80,158)	110,977	(185,396)	(90,453)	89,395	(55,302)	(154,802)	916	10,599	(54,237)
Nonoperating margins, inte	23,716	12,212	6,615	6,132	7,184	4,751	22,659	10,949	6,690	18,354	8,123	5,646	133,031
Nonoperating margins, oth	28,697	(6,940)	216,480	0	0	(280)	100	0	(3,040)	0	40,692	2,248	277,957
Patronage capital:													
G & T	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	4,799	11,266	0	0	0	0	0	38,425	54,490
	0	0	0	0	4,799	11,266	0	0	0	0	0	38,425	54,490
Net margins	196,485	33,437	350,845	(74,026)	122,960	(169,659)	(67,694)	100,344	(51,652)	(136,448)	49,731	56,918	411,241



John Y. Brown III  
Secretary of State

AMENDED  
ARTICLES OF INCORPORATION  
OF  
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

Received and Filed  
05/07/2000 09:21 AM

Fee Receipt \$2.00

COPY

Pursuant to the provisions of the Kentucky Business Corporation Act and KRS 279.010 to 279.220, the undersigned Corporation executes these Amended Articles of Incorporation and states that each and every article is being amended, the text of which amendments are set forth below. The undersigned Corporation further states that the following Amended Articles of Incorporation were approved by at least two-thirds of the members of the Board of Directors and adopted by a vote representing not less than a majority of the votes entitled to be cast by the members, pursuant to the provisions of KRS 279.050, at a regular meeting of the members held on May 22, 2000, at which a quorum was present.

ARTICLE I of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

1. Corporate Name. The name of the Corporation shall be "Farmers Rural Electric Cooperative Corporation."

ARTICLE II of the Articles of Incorporation, as such Article was amended by Articles of Amendment filed December 14, 1981, shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

2. Purpose. The purpose or purposes for which the Corporation is formed are to conduct an electric generation, transmission, distribution or service non-profit cooperative corporation to produce, transmit, distribute or furnish energy to any person, firm, association, corporation or body politic, or subdivision thereof, and/or to provide electrical devices, wiring and equipment and any services that are deemed advisable or desirable to operate a utility and to perform all such other acts and to have all such other powers as are not prohibited by law.

ARTICLE III of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

3. Principal Office. The principal office of the Corporation shall be located at 504 South Broadway, Glasgow, Barren County, Kentucky 42141.

ARTICLE IV of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

4. Territory of Operations. The operations of the Corporation are to be conducted in the Counties of Adair, Barren,

Edmonson, Grayson, Green, Hart, Larue and Metcalfe and in such other counties as such operations may from time to time become necessary or desirable in the interest of this Corporation or of its members.

ARTICLE V of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

5. Number of Directors. The number of directors of the Corporation shall be seven.

ARTICLE VI of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows

6. Period of Duration. The duration of the Corporation is perpetual.

ARTICLE VII of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

7. Capital Stock. The Corporation shall have no capital stock, and the property rights and interests of each member shall be equal.

Article VIII of the Articles of Incorporation, as such Article was amended by the Amended Articles of Incorporation filed July 27, 1939, shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

8. Terms Upon Which Members Admitted. Any person, firm, association, corporation or body politic or subdivision thereof may become a member in the Corporation by:

- (a) making a written application for membership therein;
- (b) agreeing to purchase from the Cooperative electric energy as specified in the Bylaws of the Cooperative;
- (c) agreeing to comply with and be bound by the Articles of Incorporation of the Corporation and its Bylaws and any Amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors; and
- (d) paying the membership fee as specified in the Bylaws of the Corporation;

provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he, she or it has been accepted for membership by the Board of Directors. No member may hold more than one membership in the Corporation, and no membership in the Corporation shall be transferable, except as provided in the Bylaws.

Article IX of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

9. Terms Upon Which Members Terminated.

(a) Any member may withdraw from membership upon compliance with such uniform tests and conditions as the Board of Directors may prescribe.

(b) The Board of Directors of the Corporation may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member of the Corporation who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation or the Bylaws of the Corporation or any rules or regulations adopted from time to time by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Corporation that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any member so expelled may be reinstated as a member by a vote of the Board of Directors.

(c) The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Corporation, or of a member who has ceased to purchase energy from the Corporation, may be canceled by resolution of the Board of Directors.

(d) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such members shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Corporation.

(e) In case of withdrawal or termination of membership in any manner, the Corporation shall repay to the member the amount of the membership fee paid by him; provided, however, that the Corporation shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Corporation.

Article X of the Articles of Incorporation, which Article was repealed by Amended Articles of Incorporation filed on July 27, 1939, is replaced so that, as amended, said Article shall read as follows:

10. Indemnification. Each person who is or becomes an officer or director of the Corporation shall be indemnified and advanced expenses by the Corporation with respect to all threatened, pending or completed actions, suits or proceedings in which that person was, is, or is threatened to be made a named defendant or respondent because he is or was a director or officer of the Corporation. This Article obligates the Corporation to indemnify and advance expenses to its officers or directors only in connection with proceedings arising from that person's conduct in his official capacity with the Corporation to the extent permitted by the Kentucky Business Corporation Act, as amended from time to time. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which directors and officers may be entitled under any agreement, vote of members or disinterested directors, or otherwise. The Corporation may indemnify and advance expenses to any employee or agent to the fullest extent permitted by law.

Article XI of the Articles of Incorporation shall be deleted in its entirety and replaced so that, as amended, said Article shall read as follows:

11. Limitation of Director Liability.

(a) Except as otherwise provided by subsection (b) below, no director of the Corporation shall have any personal liability to the Corporation or its members for monetary damages for breach of his duties as a director.

(b) Nothing in Article 11(a) above shall be deemed or construed to eliminate or limit the liability of a director for:

(i) Any transaction in which the director's personal financial interest is in conflict with the financial interests of the Corporation or its members;

(ii) Acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; or

(iii) Any transaction from which the director derived an improper personal benefit.

The Articles of Incorporation shall be amended to include the following additional Article:

12. Registered Agent. The street address of the Corporation's registered office shall be 504 South Broadway, Glasgow, Kentucky 42141. The name of the Corporation's registered agent at that office shall be Jackie B. Browning.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**



IN WITNESS WHEREOF, the undersigned hereby executes these Amended Articles of Incorporation on this the 2<sup>nd</sup> day of June, 2000.

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

By: Jackie B. Browning  
Jackie B. Browning, President

Attested:

FARMERS RURAL ELECTRIC  
COOPERATIVE CORPORATION

By: C. F. Martin, Jr.  
C. F. Martin, Jr., Secretary

STATE OF KENTUCKY    )  
  ) SS.  
COUNTY OF BARREN    )

BEFORE ME, a Notary Public in and for Kentucky personally appeared the above-named Farmers Rural Electric Cooperative Corporation by Jackie B. Browning, its President, and C. F. Martin, Jr., its Secretary, who each acknowledged that they did execute and attest the foregoing Amended Articles of Incorporation for and on behalf of the Corporation by authority of its Board of Directors and that the same is their free act and deed and the free act and deed of the Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Barren Co Ky this 2<sup>nd</sup> day of June, 2000.

Ginda S. Towse  
NOTARY PUBLIC

My commission expires: 6-10-2002

DOCUMENT NO: 87585  
RECORDED ON: JUNE 19, 2000 01:33:06PM  
TOTAL FEES: \$15.00  
COUNTY CLERK: PAN HODGES BROWNING  
COUNTY: BARREN COUNTY CLERK  
DEPUTY CLERK: KAYE SEWELL

The aim of  
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
is to make electric energy available to its members at the lowest  
cost consistent with sound economy and good management.

**BYLAWS**  
**of**  
**FARMERS RURAL ELECTRIC**  
**COOPERATIVE CORPORATION**

Glasgow, Kentucky

(As Amended Through November 29, 2001)

**ARTICLE I**

**MEMBERSHIP**

**Section 1. Requirements for Membership.** Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of the Farmers Rural Electric Cooperative Corporation (hereinafter called the "Cooperative") by:

- (a) making a written application for membership therein;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- (c) agreeing to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any respective amendment or amendments thereto and any rules and regulations adopted by the Board of Directors; and

(d) paying the membership fee hereinafter specified;  
provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he, she or it has been accepted for membership by the Board of Directors. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

**Section 2. Membership Certificates.** Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such certificate shall be signed by the Chairman of the Board and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

No membership certificate shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to

the Cooperative as the Board of Directors may prescribe.

**Section 3. Joint Membership.** A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect to the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A proxy executed by either or both shall constitute one joint proxy;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice to either shall constitute notice to both;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) Either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

**Section 4. Conversion of Membership.** (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board of Directors. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such manner as shall indicate the changed membership status.

(b) Upon death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

**Section 5. Membership Fees.** The membership fee shall be fixed by the Board of Directors and upon the payment of which a member shall then be eligible for service.

**Section 6. Purchase of Electric Energy.** Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws.

Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors and authorized by the Kentucky Public Service Commission from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

**Section 7. Termination of Membership.** (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe.

The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws or rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors.

The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be canceled by resolution of the Board of Directors.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him; provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

## ARTICLE II

### RIGHTS AND LIABILITIES OF MEMBERS

**Section 1. Property Interest of Members.** Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid; and (b) all capital furnished through patronage shall have been retired as provided in these Bylaws; the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution, or, if the

Cooperative shall not have been in existence for such period, during the period of its existence.

**Section 2. Non-liability for Debts of the Cooperative.** The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

### ARTICLE III

#### MEETING OF MEMBERS

**Section 1. Annual Meeting.** (a) The Annual Meeting of the members shall be held each year in Barren, Hart or Metcalfe Counties and at a time to be selected by the Board. The place, date and time shall be designated in two notices of the Annual Meeting furnished by mail to all membership in printed or written form prior to said meeting.

(b) Notice of Annual Meeting. The primary notice shall be mailed not less than fifty-five (55) days nor more than eighty-five (85) days prior to the time set by the Board for the Annual Meeting and shall also include information as to the last date and place for posting of the nominations of the Nominating Committee and the last date and place for filing nominating petitions. The second notice of the Annual Meeting shall be given not less than twenty (20) days prior to the date set for said meeting.

(c) Purpose. The Annual Meeting will be held for the purpose of presenting reports for the previous calendar year, announcing the results of the election of Directors conducted by mail and transacting such other business as may properly come before the meeting. It shall be the responsibility of the Board to make plans and preparations for the Annual Meeting.

(d) Failure to hold the Annual Meeting at the designated time or place shall not work a forfeiture or dissolution of the Cooperative, nor shall it affect the tenure of the existing Directors who shall hold office until their successors are properly elected and qualified even though the incumbents may exceed their normal elected time in office.

**Section 2. Special Meetings of Members.** Special meetings of the members which do not have to be designated as such, may be called by resolution of the Board, or upon a written request signed by a majority of the Board members, by the Chairman of the Board, or by fifteen percent (15%) or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Such meetings of the members may be held at any place within Barren County as designated by the Board and shall be specified in the notice of the meeting.

**Section 3. Notice of Special Meetings of Members.** Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a

default in duty by the Secretary, by the persons calling the meeting, to each member.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**Section 4. Quorum.** A quorum at any membership meeting shall consist of one hundred (100) members. If less than a quorum is present at any meeting, the majority of those who are present in person may adjourn the meeting from time to time without further notice.

**Section 5. Voting.** Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

A member which is a firm, partnership, corporation, church, fraternal organization, school or body politic shall have one (1) vote which may be cast through its duly authorized agent by resolution or written statement from its Board of Directors, trustees or partners of such member organization.

Each member at an annual or other duly called membership meeting shall be required to present himself to the duly designated employees of the Cooperative in charge of the membership roster. After it is ascertained that he, she or it is a member in good standing, official identification credentials indicating same will be issued. Only those persons identifying themselves by the use of proper credentials may vote.

Unless otherwise directed by the Board prior to the membership meeting or meetings, Robert's Rules of Order shall apply.

**Section 6. Proxies.** At all meetings of members, a member in good standing may vote by proxy executed in writing by the member on all matters submitted to a vote at a meeting of members except the election of Directors which shall be done by mail ballot. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated, or any adjournment of such meeting.

No person shall vote as proxy for more than three (3) members at any meeting of the members and no proxy shall be valid after sixty (60) days from the date of its execution, provided, however, that a person may vote as proxy for an unlimited number of members upon the question of amendment of the Articles of Incorporation to increase the number of counties in which the Cooperative may operate.

The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

In case of a joint membership a proxy may be executed by either the husband or wife.

The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed.

**Section 7. Order of Business.** The order of business at the Annual Meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation of reports of officers, directors and committees.
5. Report on the election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

## ARTICLE IV

### BOARD OF DIRECTORS

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of seven directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

**Section 2. Districts.** The territory served or to be served by the Cooperative shall be divided into three districts. Each district shall have two directors except that District No. 1 shall have three directors. The three districts shall be as follows:

- District No. 1 - Barren and Edmonson Counties
- District No. 2 - Hart, Grayson and Larue Counties
- District No. 3 - Metcalfe, Green and Adair Counties

**Section 3. Tenure of Office.** The regular tenure of office for each Director shall be three years or until his successor is elected and qualified. The term of office of the Directors shall be so that two Directors shall be elected each year except every third year three Directors shall be elected.

**Section 4. Qualifications.** No member shall be eligible to become or remain a director of the Cooperative who:

- (a) is not a natural person; or
- (b) is not a member in good standing of the Cooperative; or
- (c) is not, and was not for the last one (1) year next before the date of his or her election or appointment, a bona fide resident of the district which he or she is to represent; or
- (d) does not receive electric service from the Cooperative at his or her primary residential abode; or
- (e) is not at least twenty-five (25) years of age; or
- (f) does not have the legal capacity to enter into a binding contract; or
- (g) has not completed at least the twelfth grade or has not been issued a high school equivalency diploma or has not received a high school diploma through participation in the external diploma program; or
- (h) has entered a plea of guilty to, or no contest to, or been convicted of a felony; or
- (i) holds, or held within the last two (2) years next before the date of his or her election or appointment, any elective public office except for that of a committee member on a federal, state or county agricultural agency; or
- (j) is an employee or retired employee of the Cooperative or one of its subsidiaries; or
- (k) is receiving disability or worker's compensation benefits from the Cooperative or one of its subsidiaries; or
- (l) was employed by the Cooperative or by one of its subsidiaries within the last five (5) years next before the date of his or her election or appointment; or
- (m) is an employee, representative, agent, or official of any collective bargaining organization that represents the employees of the Cooperative or one of its subsidiaries; or
- (n) is a close relative of any incumbent director, current employee, or retired employee of the Cooperative or one of its subsidiaries; or
- (o) is a close relative of any person employed by the Cooperative or by one of its subsidiaries within the last five (5) years next before the date of his or her election or appointment; or
- (p) is an employee, representative, agent, or official or has a material financial interest in any enterprise that is in competition with the Cooperative or one of its subsidiaries; or
- (q) is an employee, representative, agent, or official or has a material financial interest in any enterprise selling energy, equipment, material, supplies or services to the Cooperative or one of its subsidiaries; or
- (r) is an employee, representative, agent, or official or has a material financial interest in any enterprise selling electrical, gas or plumbing appliances, fixtures, supplies or services to the members of the Cooperative.

A "close relative" is defined as follows: spouse; parent, grandparent or great-grandparent; parent, grandparent or great-grandparent of a spouse; child, grandchild or great-grandchild; child, grandchild or great-grandchild of a spouse; son-in-law or daughter-in-law; brother or sister; brother-in-law or sister-in-law; uncle or aunt; uncle or aunt of a spouse; nephew or niece; nephew



or niece of a spouse. Persons unmarried to each other but who are cohabiting as husband and wife shall be considered as husband and wife in the determination of a close relative. However, no incumbent director shall lose eligibility to remain a director or to be reelected as a director if he or she becomes a close relative of another incumbent director or of a current, retired, or a former employee of the Cooperative or one of its subsidiaries because of a marriage to which he or she was not a party.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

**Section 5. Nominations.** (a) It shall be the duty of the Board of Directors to select and appoint not less than fifty (50) days nor more than ninety (90) days before the Annual Meeting of the members a Nominating Committee consisting of not less than five (5) nor more than eleven (11) members of the Cooperative.

The members chosen by the Board shall be selected so as to give, as far as possible, equitable representation on the Nominating Committee considering the geographical areas served by the Cooperative. No officer or member of the Board shall be appointed a member of the Nominating Committee.

(b) It shall be the responsibility of the Nominating Committee to select candidates to run for office of Director to fill vacancies caused by the expiration of Director's terms. The Nominating Committee shall prepare and post its nominations in a conspicuous manner in the lobby of the Cooperative's headquarters building not less than forty-five (45) days prior to the date set for the Annual Meeting, at which the results of the election of Directors shall be announced.

Any fifty (50) or more qualified members may, by written or printed petition, make other nominations from the membership for the office of Director, not exceeding the number of Directors to be elected in any one calendar year, by personally affixing their signatures and addresses to the petition or petitions. In no event shall a member or members sign a petition or petitions for more than the number of Directors to be elected in any one calendar year. In the event a member or members do sign a petition or petitions for more candidates than there are Directors to be elected in any one calendar year, then their signatures shall be invalid on all petitions signed by them.

Petition or petitions by qualified members nominating candidates for the office of Director shall be filed at the headquarters offices of the Cooperative during the regular office hours of the Cooperative, but in any event not later than thirty (30) days prior to the date set for the Annual Meeting.

A certification date of seventy (70) days prior to the Annual Meeting shall be established on which it shall be determined whether a member is in good standing and qualified for the purposes of signing nominating petitions and/or voting in the election of Directors.

A "Member in good standing" is any member of the Cooperative who is in compliance with the Bylaws, rules and regulations of the Cooperative and the rules and orders of the Kentucky Public Service Commission and who is not delinquent in payment of his account as

billed by the Cooperative more than 30 days from date of billing.

(c) The Board of Directors shall have the duty of naming a Provost who shall be an independent Certified Public Accountant or Accounting Firm who shall be in charge of the election of Directors.

(d) The duties of the Provost shall be as follows:

1. The Provost is granted the power and authority to pass upon and determine the validity of each of the signatures, addresses and social security numbers on the petition or petitions to determine if those signing are qualified members in good standing of the Cooperative and entitled to vote for the election of Directors.

2. The Provost of the election shall examine and audit the petition or petitions filed by candidates for election to the office of Director to determine if the petition or petitions comply with the requirements of the Kentucky Revised Statutes, Articles of Incorporation and these Bylaws.

3. If the Provost shall disapprove a signature and/or address or social security number on a petition or petitions, he shall list same in writing giving the reason or reasons why said signature and/or address or social security number was not approved.

4. The Provost shall determine if the required number of qualified voting members have signed the petition or petitions after having deducted from the petition or petitions the names disapproved by him because the names and/or addresses and social security number(s) on said petition or petitions fail to comply with the Kentucky Revised Statutes, the Articles of Incorporation of the Cooperative and these Bylaws. If the petition or petitions do not contain the signatures, addresses and social security numbers of the required number, then the Provost shall notify the Petitioner and the Secretary of the Cooperative that the Petition is not valid.

If, after examination by the Provost, it is determined by said Provost that said petition or petitions meet the requirements, said nominating petition(s) shall then be posted in the lobby of the Cooperative headquarters building not less than twenty-five (25) days prior to the date set for the Annual Meeting.

5. Upon completion of the examination and audit of the petition or petitions by the Provost, he shall certify to the Secretary of the Cooperative the name or names of those persons properly nominated by petition or petitions so that those so nominated may be listed on the official ballot.

6. After the Provost has certified the names of the candidates nominated by petition or petitions to be placed upon the official ballot, it shall be the duty of the Provost to prepare a printed ballot of those persons duly nominated either by the Committee on Nominations or by nominating petition.

The printed ballot shall list separately those persons nominated by the Nominating Committee and those persons nominated by petition in alphabetical order and labeled in such a manner as to note which candidates appear on the ballot by nomination of the Nominating Committee and which appear on the ballot by nomination by petition.

It shall be the further duty of the Provost to see that the official ballots are mailed to each active and qualified member at his or her last address shown on the Cooperative records not less than fifteen (15) days prior to said Annual Meeting at which the results of said election are to be announced.

Each official ballot shall be placed with an envelope labeled Ballot Envelope within a Return Envelope bearing postage prepaid, addressed to the Provost all in a Cover Envelope, all of which shall be mailed by the Provost to each member eligible to vote.

The official ballot shall be inscribed with instructions by the Provost as to how many candidates may be voted for on each official ballot by the member and with instructions that all official ballots must be returned only by U.S. mail except as provided in paragraph seven (7) hereafter and received not less than five (5) days prior to the said Annual Meeting.

The official ballot shall be personally marked and voted by the eligible member and then placed in the Ballot Envelope and sealed. The sealed Ballot Envelope, with the official ballot enclosed, shall then be placed in the Return Envelope which is addressed to the Provost with postage prepaid. The Return Envelope shall then be signed and dated by the member in the space provided in the upper corner of the Return Envelope so it can be determined by the Provost prior to opening the Return Envelope whether the person signing and dating the Return Envelope is an eligible voting member of the Cooperative. The member shall then seal and mail the Return Envelope to the Provost.

The Provost shall have complete responsibility for the security of the ballots.

7. In the event a voting member in good standing has his, her or its ballot inadvertently destroyed, or the Return Envelope inadvertently destroyed, or the Cover Envelope with the contents therein was not received by the voting member, then, upon the voting member having exhibited to the Provost his driver's license and/or a Social Security card, the Provost shall check the Cooperative's membership list to determine if he, she or it is a voting member in good standing.

The Provost shall then cause the voting member to execute an Affidavit before a Notary Public at the office of the Provost, and, if the Provost approves, he may then and there only deliver to the voting member a Return Envelope, a Ballot Envelope and a Ballot. However, no Affidavit, Return Envelope, Ballot Envelope or Ballot shall be delivered by the Provost after 4:30 P.M. on the fifth day prior to the Annual Meeting. In this instance the Provost may receive the ballot in the sealed envelope from the voter.

8. When the Committee on Nominations selects only one nominee for each forthcoming vacancy on the Board of Directors, and if no candidate(s) is nominated from the membership by written or printed petition within the prescribed time, as set forth in Article IV, Section 5 of these Bylaws, the Provost shall then certify to the Secretary of the Board that no petition has been filed within the prescribed time and that the candidate(s) nominated by the Committee on Nominations is/are therefore officially elected without opposition.

In any district where the candidate of the Committee on Nominations is unopposed because no other candidate has filed to run by petition within the prescribed time, the unopposed candidate shall not appear on the ballot, as he will have been elected without opposition.

The Provost will so announce at the Annual Membership Meeting, and the nominees shall be deemed elected to the Board by acclamation without the necessity of mailing official ballots through the United States mail and following the mail-ballot election procedures set forth in these Bylaws.

**Section 6. Elections.** The Provost in charge of Directors' elections shall, with the help of

his personnel, count the ballots as expeditiously as may be possible following his receipt of said ballots. After the ballots have been duly counted the result of such election shall be announced by the Provost or his designee at the subsequent Annual Meeting of Members and the Board shall meet thereafter and the person receiving the highest number of ballots and/or the person nominated who is unopposed for each directorship shall be seated.

The following ballots shall not be counted:

1. A vote marked for more than the number of candidates to be elected;
2. Ballots other than the official ballot;
3. Ballots not received through the United States mail except as provided in Section five (5) paragraph seven (7); and
4. Ballots arriving late.

The duties of the Provost regarding votes and counting shall be as follows:

1. The Provost shall examine each Return Envelope to ascertain if it has been properly signed and dated.
2. When the unopened Return Envelope is found by the Provost to be in conformity with the provisions and requirements of these Bylaws, the Provost shall see that the membership record is marked so as to indicate the member has voted.
3. Any and all Return Envelopes found by the Provost not to conform with the provisions and requirements of these Bylaws shall not be opened but shall be rejected and retained by the Provost.
4. Any official ballot deemed invalid by the Provost for reasons set forth in these Bylaws shall be retained by the Provost and marked rejected.
5. Each member shall be allowed only one vote.
6. The Provost shall promptly, upon completion of the counting of the membership votes and announcing the results at the Annual Meeting, certify in writing to the FRECC Board the names of the candidates and the number of votes received by each and shall also certify the names and addresses of the candidates receiving the highest number of votes taking into account the number of Directors to be elected and the respective districts they are to represent.
7. If no contest of the election shall have been filed within 60 days following the Annual Meeting at which the newly elected directors have been announced by the Provost, then the Provost shall destroy all ballots and envelopes related to the election, otherwise same shall be retained until any contest is resolved.

**Section 7. Removal of Directors by Members.** Any member may bring specific charges against a Director by filing with the Secretary such charges in writing together with a petition signed by at least ten (10) percent of the members or five-hundred (500), whichever is lesser, and may request the removal of such Director by reason of said specific charges.

Such Director shall be informed in writing of the charges at least twenty (20) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person and/or by counsel and present evidence in respect to the charges. The person or persons bringing the charges shall have the same opportunity.

By a majority vote of the members present at any annual or special meeting, at which a hearing on the question has been voted, the question of such removal shall then be submitted to the members in good standing within thirty (30) days following the meeting of the members. The Secretary shall send a separate ballot for each Director charged to every member in good standing setting forth the question of such removal so that it might be answered "yes" or "no" and the ballot shall be returned to the Provost by mail postmarked within ten (10) days after they are mailed to the members. The ballots shall be received and counted by the Provost named by the Board as provided in Article IV, Section 5.

A Director shall be removed by a majority vote of the members voting in this ballot by mail. If the question of the removal is voted in the affirmative by a majority of the valid ballots returned, the vacancy thereby created shall be filled in accordance with Article IV, Section 8 of these Bylaws.

**Section 8. Vacancies.** When a vacancy on the Board of Directors occurs for any reason other than the expiration of a term, the remaining members of the Board, by a majority vote, shall fill vacancy by appointment for the unexpired portion of the term of the member who has vacated or been removed from his position on the Board. The member elected as Director to fill the vacancy must reside in the same district as the Director to whose office he succeeds.

**Section 9. Compensation.** Directors shall not receive any salary for their services as Directors, except that by resolution of the Board of Directors a fixed sum and actual expenses may be allowed for attending each meeting of the Board of Directors or other official meetings.

No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any immediate relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such Director or immediate relative shall have been certified by the Board of Directors as an emergency measure.

## ARTICLE V

### MEETINGS OF DIRECTORS

**Section 1. Regular Meetings.** A regular meeting of the Board of Directors shall be held monthly at such time and place in Glasgow, Barren County, Kentucky, as the Board of Directors may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**Section 2. Special Meetings.** Special meetings of the Board of Directors may be called by the Chairman of the Board or by any three Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or the Directors calling the meeting shall fix the time and place for the holding of the meeting.

**Section 3. Notice of Special Meetings.** Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than five days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting.

**Section 4. Quorum.** A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

## ARTICLE VI

### OFFICERS

**Section 1. Number.** The officers of the Cooperative shall be a Chairman of the Board, Vice-Chairman of the Board, Secretary, Treasurer, all of who shall be elected regular directors, and the President and Chief Executive Officer, who shall be appointed by the Board of Directors, and such other officers as may be determined from time to time by the Board of Directors. Any two (2) or more offices may not be held by the same person, except that the offices of Secretary and Treasurer may be held by the same person.

**Section 2. Election and Term of Office.** The elected officers shall be elected by ballot, annually by and from the Board of Directors at the meeting of the Board of Directors held next following after the annual meeting of the members. If the election of such elected officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be.

Each elected officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

**Section 3. Removal of Officers and Agents by Directors.** Any officer or agent elected or appointed by the Board of Directors may be removed by a majority vote of the Board of Directors whenever in its judgement the best interests of the Cooperative will be served thereby.

In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percent

(10%) of the members, may request the removal of such officer.

The officer against whom such charges have been brought shall be informed in writing of the charges at least twenty (20) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person and/or by counsel and to present evidence in respect of the charges. The person or persons bringing the charges shall have the same opportunity.

In the event the Board does not remove such officer, the question of his removal may be considered anew at the next meeting of the members upon written request of the person or persons bringing the charges, provided the request is filed with the Secretary twenty (20) days in advance of said meeting of the members and the procedure followed as outlined in Article IV, Section 7.

**Section 4. Chairman of the Board.** The Chairman of the Board shall:

(a) be the principal presiding officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors, and may consult with the President and CEO in the formulation and preparation of the agenda for meetings of the Board of Directors;

(b) sign, with the Secretary, certificates of membership, the issuance of which shall have been authorized by the Board of Directors or the members, and shall sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

(c) in general, perform all duties incident to the office of Chairman of the Board, consistent with these Bylaws, and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 5. Vice-Chairman of the Board.** In the absence of the Chairman of the Board, or in the event of his inability or refusal to act, the Vice-Chairman of the Board shall perform the duties of the Chairman of the Board; and, when so acting, shall have all the power of and be subject to all the restrictions upon the Chairman of the Board. The Vice-Chairman of the Board shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 6. Secretary.** The Secretary shall:

(a) keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with these Bylaws or as required by law;

(c) be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;

- (d) keep or have kept a register of the names and post office addresses of all members;
- (e) sign, with the Chairman of the Board certificates of membership, the issue of which shall have been authorized by the Board of Directors or the members;
- (f) have general charge of the books of the Cooperative, including membership rosters;
- (g) keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto, a copy of which shall be open to the inspection of any member during reasonable business hours of the Cooperative; and
- (h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.
- (i) in the absence of the Chairman of the Board and the Vice-Chairman of the Board, or in event of their inability or refusal to act, the Secretary of the Board shall perform the duties of the Chairman of the Board, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman of the Board.

**Section 7. Treasurer.** The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 8. President and Chief Executive Officer.** The President and CEO shall be the chief operating officer of the Cooperative. He is charged with the duties and obligations of managing the foreseeable business affairs of the Cooperative, that shall include, but is not limited to, the Cooperative's approved budget and programs, and the formulation and preparation of the agenda for each regular meeting of the Board of Directors. Also, the President and CEO shall perform such other duties and shall exercise such other authority that the Board of Directors may from time to time vest in him.

**Section 9. Bonds of Officers.** The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

**Section 10. Compensation.** The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors subject to the limitations of Article IV, Section 9.

**Section 11. Reports.** The officers of the Cooperative shall submit at each annual



meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## ARTICLE VII

### NON-PROFIT OPERATION

**Section 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**Section 2. Patronage Capital in Connection with Furnishing Electric Energy.** (a) In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative.

In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all of its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy.

All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital.

(b) The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron.

All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

(c) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority, and order of retirement for all amounts furnished as capital.

(d) Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in

interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

In the event that a non-member patron shall elect to become a member of the Cooperative the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

(e) Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

(f) The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

**Section 3. Patronage Refunds in Connection with Furnishing Other Services.** In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

## ARTICLE VIII

### DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber any of its property except as authorized by the Kentucky Revised Statutes.

## ARTICLE IX

### SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Kentucky."

## ARTICLE X

### FINANCIAL TRANSACTIONS

**Section 1. Contracts.** Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

**Section 2. Checks, Drafts, etc.** All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

**Section 3. Deposits.** All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

**Section 4. Change in Rates.** Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America and to the National Rural Utilities Cooperative Finance Corporation not less than ninety days prior to the date upon which any proposed change in the rates by the Cooperative for electric energy becomes effective.

**Section 5. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

## ARTICLE XI

### MISCELLANEOUS

**Section 1. Membership in Other Organizations.** The Cooperative shall not become a member of, or purchase stock in, any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Cooperative may upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of REA, or any other corporation for the purpose of acquiring electric facilities.

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**Section 2. Waiver of Notice.** Any member or Director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting has not been lawfully called or convened.

**Section 3. Rules and Regulations.** The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

**Section 4. Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America.

The Board of Directors shall each year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative. Reports on such audit shall be submitted to the members at the next annual meeting.

## ARTICLE XII

### AMENDMENTS

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the Directors at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

**INDEX TO BYLAWS**

(As Amended Through November 29, 2001)

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**NUMBER**

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- Section 2. Membership Certificates
- Section 3. Joint Membership
- Section 4. Conversion of Membership
- Section 5. Membership Fees
- Section 6. Purchase of Electric Energy
- Section 7. Termination of Membership

**II. RIGHTS AND LIABILITIES OF MEMBERS**

- Section 1. Property Interest of Members
- Section 2. Non-Liability for Debts of the Cooperative

**III. MEETING OF MEMBERS**

- Section 1. Annual Meeting
- Section 2. Special Meetings of Members
- Section 3. Notice of Special Meetings of Members
- Section 4. Quorum
- Section 5. Voting
- Section 6. Proxies
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- Section 6. Elections
- Section 7. Removal of Directors by Members

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- Section 2. Election and Term of Office
- Section 3. Removal of Officers and Agents by Directors
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- Section 5. Vice-Chairman of the Board
- Section 6. Secretary
- Section 7. Treasurer
- Section 8. President and CEO
- Section 9. Bonds of Officers
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- Section 4. Accounting System and Reports

**XII. AMENDMENTS**





## Farmers Rural Electric Cooperative

Exhibit V

Case No. 2008-00030

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## Balance Sheet

Witness: Alan Zumstein

September 30, 2008

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Electric Plant:		
In service	\$65,285,346	\$61,588,970
Under construction	581,251	252,719
	<u>65,866,597</u>	<u>61,841,689</u>
Less accumulated depreciation	17,525,311	16,952,924
	<u>48,341,286</u>	<u>44,888,765</u>
Investments	<u>10,329,432</u>	<u>10,215,090</u>
Current Assets:		
Cash and temporary investments	1,798,830	619,617
Accounts receivable, net	1,708,853	4,524,084
Other receivables	162,801	150,499
Material and supplies	435,831	473,108
Prepayments	78,220	92,581
	<u>4,184,535</u>	<u>5,859,889</u>
Other deferred debits	<u>37,393</u>	<u>37,343</u>
Total Assets	<u>\$62,892,646</u>	<u>\$61,001,087</u>
<u>MEMBERS' EQUITIES AND LIABILITIES</u>		
Margins and Equities:		
Memberships	\$530,105	\$524,215
Patronage capital	18,951,156	20,431,022
	<u>19,481,261</u>	<u>20,955,237</u>
Long Term Debt	<u>34,801,821</u>	<u>35,914,261</u>
Current Liabilities:		
Notes payable	4,817,647	693,727
Accounts payable	1,058,961	868,549
Consumer deposits	933,684	874,438
Accrued expenses	1,515,762	1,425,159
	<u>8,326,054</u>	<u>3,861,873</u>
Consumer advances	<u>283,510</u>	<u>269,716</u>
Total Members' Equities and Liabilities	<u>\$62,892,646</u>	<u>\$61,001,087</u>

## Farmers Rural Electric Cooperative

Exhibit V

Case No. 2008-00030

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## Statement of Cash Flows

Witness: Alan Zumstein

September 30, 2008

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Net margins	(\$1,162,418)	\$490,809
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation		
Charged to expense	1,968,738	1,849,274
Charged to clearing accounts	112,679	110,939
(Profit) loss in subsidiary	(56,868)	(99,332)
Patronage capital credits	(110,965)	(70,979)
Net change in current assets and liabilities:		
Receivables	2,802,929	(347,968)
Material and supplies	37,277	175,899
Prepayments and deferred debits	14,311	(48,809)
Accounts payables	190,412	183,343
Consumer deposits	59,246	56,283
Accrued expenses	90,603	(149,302)
Consumer advances	13,794	(4,708)
	<u>3,959,738</u>	<u>2,145,449</u>
Cash Flows from Investing Activities:		
Plant additions	(5,625,668)	(5,710,454)
Salvage recovered from plant retired	91,730	86,115
Additional investments, net of receipts	53,491	45,479
	<u>(5,480,447)</u>	<u>(5,578,860)</u>
Cash Flows from Financing Activities:		
Net increase in memberships and other equity	5,890	9,525
Retirement of patronage capital	(317,448)	(229,363)
Additional long-term borrowings	-	4,228,000
Payments on long-term debt	(1,112,440)	(910,857)
Short term borrowings	4,123,920	448,309
	<u>2,699,922</u>	<u>3,545,614</u>
Net increase in cash	1,179,213	112,203
Cash balances - beginning	<u>619,617</u>	<u>507,414</u>
Cash balances - ending	<u><u>\$1,798,830</u></u>	<u><u>\$619,617</u></u>

## Farmers Rural Electric Cooperative

Exhibit V

Case No. 2008-00030

page 1 of 3

## Statement of Operations

Witness: Alan Zumstein

September 30, 2008

	<u>2008</u>	<u>2007</u>
Operating revenue	<u>\$41,490,441</u>	<u>\$39,896,178</u>
Operating expenses:		
Cost of power	31,882,831	30,216,282
Distribution-operations	1,048,163	757,581
Distribution-maintenance	2,440,478	1,951,809
Consumer accounts	1,104,496	941,834
Consumer service	184,756	269,376
Sales	0	0
Administrative and general	<u>1,750,421</u>	<u>1,543,298</u>
	38,411,145	35,680,180
Depreciation and amortization	1,968,738	1,849,274
Taxes - property	467,113	359,817
Taxes-other	38,841	36,253
Interest on long term debt	1,847,047	1,813,685
Other interest expense	180,234	50,266
Other deductions	<u>6,857</u>	<u>10,907</u>
	<u>42,919,975</u>	<u>39,800,382</u>
Utility operating margins	<u>(1,429,534)</u>	<u>95,796</u>
Nonoperating margins, interest	74,836	133,922
Equity investment income (loss)	56,868	99,332
Nonoperating margins, other	<u>24,447</u>	<u>90,780</u>
	<u>156,151</u>	<u>324,034</u>
Patronage capital:		
G & T	-	-
Others	<u>110,965</u>	<u>70,979</u>
	<u>110,965</u>	<u>70,979</u>
Net margins	<u><u>(\$1,162,418)</u></u>	<u><u>\$490,809</u></u>



Farmers Rural Electric Cooperative Case No. 2008-00030  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
303	Misc intangible plant	4	4	4	4	4	4	4	4	4	4	4	4
	Prior year	4	4	4	4	4	4	4	4	4	4	4	4
	Change	0	0	0	0	0	0	0	0	0	0	0	0
342	Fuel production	41	41	41	41	41	41	41	41	41	41	41	41
	Prior year	41	41	41	41	41	41	41	41	41	41	41	41
	Change	0	0	0	0	0	0	0	0	0	0	0	0
344	Other production - generator	862	862	862	862	862	862	862	862	862	862	862	862
	Prior year	862	862	862	862	862	862	862	862	862	862	862	862
	Change	0	0	0	0	0	0	0	0	0	0	0	0
345	Other production - accesorie	198	198	198	198	198	198	198	198	198	198	198	198
	Prior year	198	198	198	198	198	198	198	198	198	198	198	198
	Change	0	0	0	0	0	0	0	0	0	0	0	0
362	Station equipment	16	16	16	16	16	16	16	16	16	16	16	16
	Prior year	16	16	16	16	16	16	16	16	16	16	16	16
	Change	0	0	0	0	0	0	0	0	0	0	0	0
364	Poles, towers & fixtures	18,428	18,511	18,546	18,597	18,668	18,696	18,735	18,815	18,869	18,936	19,012	19,060
	Prior year	17,612	17,671	17,714	17,777	17,847	17,924	17,990	18,057	18,101	18,211	18,277	18,354
	Change	816	840	832	820	821	772	745	758	768	725	735	706
365	Overhead conduct & devices	14,217	14,251	14,265	14,285	14,327	14,344	14,366	14,409	14,439	14,512	14,553	14,627
	Prior year	13,724	13,753	13,772	13,798	13,855	13,901	13,971	14,029	14,059	14,131	14,157	14,184
	Change	493	498	493	487	472	443	395	380	380	381	396	443
367	Underground cond & device	711	720	720	721	721	724	726	739	753	761	766	766
	Prior year	641	649	649	649	661	685	688	688	695	697	700	711
	Change	70	71	71	72	60	39	38	51	58	64	66	55
368	Transformers	10,964	10,970	11,019	11,090	11,081	11,102	11,115	11,150	11,266	11,333	11,371	11,431
	Prior year	10,409	10,444	10,479	10,512	10,579	10,591	10,620	10,657	10,696	10,741	10,795	10,905
	Change	555	526	540	578	502	511	495	493	570	592	576	526
369	Services	5,777	5,819	5,843	5,884	5,923	5,953	5,969	5,984	6,010	6,034	6,078	6,106
	Prior year	5,403	5,431	5,445	5,493	5,519	5,547	5,586	5,622	5,650	5,679	5,721	5,750
	Change	374	388	398	391	404	406	383	362	360	355	357	356
370	Meters, traditional	983	983	842	779	623	549	549	549	544	544	505	311
	Prior year	1,456	1,452	1,382	1,376	1,376	1,343	1,345	1,235	1,200	1,182	1,131	1,094
	Change	(473)	(469)	(540)	(597)	(753)	(794)	(796)	(686)	(656)	(638)	(626)	(783)

Farmers Local Electric Cooperative Case No. 2008-00030  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet

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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
370.01	Meters, TWACs	2,306	2,561	2,561	2,688	2,944	3,199	3,461	3,461	3,461	3,461	3,478	3,478
	Prior year	638	638	638	710	837	980	994	1,569	1,569	1,829	1,889	2,144
	Change	1,668	1,923	1,923	1,978	2,107	2,219	2,467	1,892	1,892	1,632	1,589	1,334
370.02	Meters, receiver equip	83	162	162	163	163	163	163	167	483	483	483	483
	Prior year	0								83	83	83	83
	Change	83	162	162	163	163	163	163	167	400	400	400	400
370.03	Meters, transformers	34	175	175	175	175	175	175	175	213	213	213	213
	Prior year	0								34	34	34	34
	Change	34	175	175	175	175	175	175	175	179	179	179	179
370.04	Meters, computer	35	35	35	35	35	35	35	35	35	35	35	35
	Prior year	0									35	35	35
	Change	35	35	35	35	35	35	35	35	35	0	0	0
370.05	Meters, control link	1	2	2	3	3	3	3	3	11	11	11	11
	Prior year									2	2	2	2
	Change	1	2	2	3	3	3	3	3	9	9	9	9
371	Security lights	1,643	1,649	1,652	1,659	1,663	1,668	1,671	1,674	1,680	1,684	1,688	1,697
	Prior year	1,590	1,595	1,596	1,604	1,607	1,611	1,616	1,623	1,625	1,631	1,634	1,638
	Change	53	54	56	55	56	57	55	51	55	53	54	59
373	Street lights	183	183	183	183	183	183	183	183	183	183	183	183
	Prior year	177	183	183	183	183	183	183	183	182	182	183	183
	Change	6	0	0	0	0	0	0	0	1	1	0	0
389	Land	887	889	889	889	889	889	889	889	889	889	887	887
	Prior year	902	990	1,057	1,057	1,001	1,001	1,001	1,001	1,001	1,001	888	888
	Change	(15)	(101)	(168)	(168)	(112)	(112)	(112)	(112)	(112)	(112)	(1)	(1)
390	Structures & improve	1,073	1,073	1,095	1,106	1,120	1,127	1,166	1,179	1,193	1,217	1,217	1,218
	Prior year	930	930	930	930	984	985	985	985	1,014	1,014	1,070	1,073
	Change	143	143	165	176	136	142	181	194	179	203	147	145
391	Office furniture	594	595	604	600	604	609	630	632	634	639	636	641
	Prior year	605	669	567	568	569	570	574	589	591	591	591	592
	Change	(11)	(74)	37	32	35	39	56	43	43	48	45	49
392	Transportation	2,158	2,158	2,158	2,167	2,167	2,167	2,167	2,196	2,394	2,394	2,388	2,388
	Prior year	2,113	2,103	2,103	2,103	2,103	2,142	2,142	2,142	2,114	2,114	2,186	2,146
	Change	45	55	55	64	64	25	25	54	280	280	202	242

Farmers Rural Electric Cooperative Case No. 2008-00030  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
394	Tools, shop & garage	59	59	59	59	62	62	62	62	62	62	62	62
	Prior year	59	59	59	59	59	59	59	59	59	59	59	59
	Change	0	0	0	0	3	3	3	3	3	3	3	3
395	Laboratory	110	113	113	113	113	113	113	113	113	113	113	113
	Prior year	110	110	110	110	110	110	110	110	110	110	110	110
	Change	0	3	3	3	3	3	3	3	3	3	3	3
396	Power operated	193	193	193	193	193	193	193	193	193	193	189	154
	Prior year	193	193	193	193	193	193	193	193	193	193	193	193
	Change	0	0	0	0	0	0	0	0	0	0	(4)	(39)
397	Communication	188	188	188	188	188	188	188	192	192	192	192	198
	Prior year	188	188	188	188	188	188	188	188	188	188	188	188
	Change	0	0	0	0	0	0	0	4	4	4	4	10
398	Miscellaneous	101	101	101	101	101	101	101	101	101	101	101	101
	Prior year	95	95	95	95	95	96	96	96	96	96	101	101
	Change	6	6	6	6	6	5	5	5	5	5	0	0
****	Total Electric Plant in Servic	61,849	62,511	62,526	62,799	63,067	63,364	63,781	64,022	64,839	65,111	65,282	65,284
	Prior year	57,966	58,274	58,281	58,526	58,887	59,230	59,462	60,147	60,383	60,924	61,148	61,588
	Change	3,883	4,237	4,245	4,273	4,180	4,134	4,319	3,875	4,456	4,187	4,134	3,696
107.2011	Work in progress - GIS								7	90	298	372	433
	Prior year												0
	Change	0	0	0	0	0	0	0	7	90	298	372	433
107.22	Work in progress	326	175	207	251	317	373	542	523	197	235	140	148
	Prior year	18	21	198	194	190	172	192	220	176	124	148	253
	Change	308	154	9	57	127	201	350	303	21	111	(8)	(105)
****	Total CWIP	326	175	207	251	317	373	542	530	287	533	512	581
	Prior year	18	21	198	194	190	172	192	220	176	124	148	253
	Change	308	154	9	57	127	201	350	310	111	409	364	328
108.60	Res - distribution plant	13,938	14,030	14,011	14,056	13,982	14,017	14,140	14,201	14,320	14,417	14,482	14,366
	Prior year	13,492	13,596	13,620	13,691	13,769	13,799	13,839	13,814	13,869	13,930	13,966	13,968
	Change	446	434	391	365	213	218	301	387	451	487	516	398
108.70	Res - Structures	576	577	579	581	582	584	585	587	589	591	593	595
	Prior year	559	561	562	563	564	566	567	568	570	571	573	574
	Change	17	16	17	18	18	18	18	19	19	20	20	21





Farmers Rural Electric Cooperative Case No. 2008-00030  
 Comparison of Test Year Account Balances with  
 those of the Preceding Year - Balance Sheet

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
123.10	Invest in assoc. organization	8,580	8,580	8,602	8,599	8,597	8,597	8,597	8,597	8,597	8,597	8,597	8,623
	Prior year	8,564	8,564	8,563	8,563	8,567	8,567	8,567	8,567	8,567	8,567	8,567	8,580
	Change	16	16	39	36	30	30	30	30	30	30	30	43
123.22	Invest in Cap Term Certifica	836	836	836	836	836	836	836	836	836	836	836	836
	Prior year	837	837	837	837	837	836	836	836	836	836	836	836
	Change	(1)	(1)	(1)	(1)	(1)	0	0	0	0	0	0	0
123.23	Invest in other organizations	6	6	6	6	6	6	6	6	6	6	6	6
	Prior year	6	6	6	6	6	6	6	6	6	6	6	6
	Change	0	0	0	0	0	0	0	0	0	0	0	0
123.25	Other invest - Federated Ins.	62	62	62	62	62	79	79	79	79	79	79	79
	Prior year	49	49	49	49	49	62	62	62	62	62	62	62
	Change	13	13	13	13	13	17	17	17	17	17	17	17
****	Total Investments	10,215	10,215	10,290	10,287	10,287	10,304	10,304	10,304	10,304	10,304	10,304	10,330
	Prior year	10,089	10,089	10,186	10,186	10,190	10,202	10,202	10,202	10,202	10,202	10,202	10,215
	Change	126	126	104	101	97	102	102	102	102	102	102	115
131.10	Cash - general funds		3	2	3	3	2	1	3	3	2	2	3
	Prior year	3	3	4	3	4	4	3	3	2	2	2	2
	Change	(3)	0	(2)	0	(1)	(2)	(2)	0	1	0	0	1
131.01	Cap credit - Edmonton State	2	2	122	11	2	2	1	2	2	2	1	1
	Prior year	1	1	60	8	3	3	3	2	2	2	2	2
	Change	1	1	62	3	(1)	(1)	(2)	0	0	0	(1)	(1)
131.04	So Central Bank	267	505	437	468	547	514	513	461	426	421	433	416
	Prior year	212	219	150	300	329	368	341	428	376	301	324	275
	Change	55	286	287	168	218	146	172	33	50	120	109	141
131.05	PBI Bank, Munfordville	23	30	24	20	50	46	38	43	21	34	39	41
	Prior year	25	12	25	18	29	20	26	23	34	57	46	43
	Change	(2)	18	(1)	2	21	26	12	20	(13)	(23)	(7)	(2)
131.07	General - Edmonton State	223	238	368	247	184	221	243	603	344	780	434	1,282
	Prior year	369	155	302	185	307	150	272	108	165	489	237	263
	Change	(146)	83	66	62	(123)	71	(29)	495	179	291	197	1,019
131.10	Payroll, BB&T		2	2	2	1	1	1	1	1	89	1	
	Prior year	1	1	1	1	1	1	1	1	1	1		
	Change	(1)	1	1	1	0	0	0	0	0	88	1	0

Comparison of Test Year Account Balances with  
those of the Preceding Year - Balance Sheet

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
135.00	Working funds	2	2	2	2	2	2	2	2	2	2	2	2
	Prior year	2	2	2	2	2	2	2	2	2	2	2	2
	Change	0	0	0	0	0	0	0	0	0	0	0	0
****	Total Cash	517	782	957	753	789	788	799	1,115	799	1,330	912	1,745
	Prior year	613	393	544	517	675	548	648	567	582	854	613	587
	Change	(96)	389	413	236	114	240	151	548	217	476	299	1,158
**** 136.1	Temporary investments	55	15	12	400	20	8		150			675	53
	Prior year	946	489	44	8	101		1,789	1,880	1,000	785	407	33
	Change	(891)	(474)	(32)	392	(81)	8	(1,789)	(1,730)	(1,000)	(785)	268	20
142.10	Accounts receivable	4,265	3,696	3,871	3,772	4,222	4,033	3,527	2,383	2,712	2,333	1,998	1,883
	Prior year	3,489	3,322	3,372	3,703	4,288	4,416	4,201	3,642	4,026	3,774	4,264	4,709
	Change	776	374	499	69	(66)	(383)	(674)	(1,259)	(1,314)	(1,441)	(2,266)	(2,826)
144.10	Allow for uncollectibles	(205)	(116)	(147)	(136)	(144)	(168)	(175)	(182)	(183)	(181)	(174)	(174)
	Prior year	(186)	(61)	(77)	(98)	(116)	(134)	(153)	(112)	(130)	(148)	(168)	(185)
	Change	(19)	(55)	(70)	(38)	(28)	(34)	(22)	(70)	(53)	(33)	(6)	11
142.20	A/R - other	166	197	58	25	52	69	86	93	106	120	195	163
	Prior year	441	358	403	201	200	192	188	201	208	220	132	150
	Change	(275)	(161)	(345)	(176)	(148)	(123)	(102)	(108)	(102)	(100)	63	13
****	Total Recievables	4,226	3,777	3,782	3,661	4,130	3,934	3,438	2,294	2,635	2,272	2,019	1,872
	Prior year	3,744	3,619	3,698	3,806	4,372	4,474	4,236	3,731	4,104	3,846	4,228	4,674
	Change	482	158	84	(145)	(242)	(540)	(798)	(1,437)	(1,469)	(1,574)	(2,209)	(2,802)
154.10	Material & supplies	669	585	583	596	528	526	404	417	435	379	451	435
	Prior year	647	628	495	549	572	576	628	627	579	566	529	473
	Change	22	(43)	88	47	(44)	(50)	(224)	(210)	(144)	(187)	(78)	(38)
155.50	Merchandise									3			
	Prior year												
	Change	0	0	0	0	0	0	0	0	3	0	0	0
****	Total Material & Supplies	669	585	583	596	528	526	404	417	438	379	451	435
	Prior year	647	628	495	549	572	576	628	627	579	566	529	473
	Change	22	(43)	88	47	(44)	(50)	(224)	(210)	(141)	(187)	(78)	(38)
165.10	Prepaid insurance	20	150	128	213	186	166	144	123	103	83	58	19
	Prior year	(3)	113	118	212	192	163	144	123	103	83	59	40
	Change	23	37	10	1	(6)	3	0	0	0	0	(1)	(21)

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
165.20	Other prepayments	35	50	40	88	78	67	57	47	77	67	57	46
	Prior year	33	48	38	86	76	66	56	46	75	65	55	45
	Change	2	2	2	2	2	1	1	1	2	2	2	1
165.30	Gas purchases	7	8	9	7	4	6	5	21	18	16	13	13
	Prior year	8	8	8	5	8	14	14	13	12	10	5	8
	Change	(1)	0	1	2	(4)	(8)	(9)	8	6	6	8	5
****	Total Prepayments	62	208	177	308	268	239	206	191	198	166	128	78
	Prior year	38	169	164	303	276	243	214	182	190	158	119	93
	Change	24	39	13	5	(8)	(4)	(8)	9	8	8	9	(15)
184.10	Transportation clearing	1	1	1	1	1	1	1	1	1	1	1	1
	Prior year	1	1	1	1	1	3	2	2	2	2	2	1
	Change	0	0	0	0	0	(2)	(1)	(1)	(1)	(1)	(1)	0
186.00	Deferred debits	47	56	35	36	32	36	42	45	36	34	38	37
	Prior year	88	42	39	35	39	40	56	50	35	30	24	37
	Change	(41)	14	(4)	1	(7)	(4)	(14)	(5)	1	4	14	0
****	Total Deferred Debits	48	57	36	37	33	37	43	46	37	35	39	38
	Prior year	89	43	40	36	40	43	58	52	37	32	26	38
	Change	(41)	14	(4)	1	(7)	(6)	(15)	(6)	0	3	13	0
*****	Total Assets and Debits	61,023	61,265	61,515	61,965	62,370	62,443	62,259	61,727	62,078	62,545	62,691	62,892
	Prior year	57,739	57,192	57,176	57,558	58,632	58,761	60,638	60,821	60,421	60,573	60,437	61,003
	Change	3,284	4,073	4,339	4,407	3,738	3,682	1,621	906	1,657	1,972	2,254	1,889
**** 200.10	Memberships issued	526	526	526	526	526	527	527	528	528	529	529	530
	Prior year	515	516	517	518	519	520	521	521	521	523	524	524
	Change	11	10	9	8	7	7	6	7	7	6	5	6
201.10	Patrons capital credits	19,367	19,367	18,973	19,071	19,071	19,071	19,071	19,071	19,071	19,071	19,071	19,071
	Prior year	19,235	19,235	18,959	19,367	19,368	19,367	19,367	19,367	19,367	19,367	19,367	19,367
	Change	132	132	14	(296)	(297)	(296)	(296)	(296)	(296)	(296)	(296)	(296)
219.20	Subsidiary profits	(45)	(45)	(45)	10	10	10	10	10	10	10	10	10
	Prior year	(142)	(142)	(142)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)
	Change	97	97	97	55	55	55	55	55	55	55	55	55
219.10	Current margins	41	(47)	152	64	(289)	(367)	(548)	(967)	(729)	(693)	(1,177)	(1,269)
	Prior year	227	267	506	(60)	77	(63)	(116)	7	(35)	(140)	(48)	46
	Change	(186)	(314)	(354)	124	(366)	(304)	(432)	(974)	(694)	(553)	(1,129)	(1,315)

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 those of the Preceding Year - Balance Sheet

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
****	Total Capital Credits	19,363	19,275	19,080	19,145	18,792	18,714	18,533	18,114	18,352	18,388	17,904	17,812
	Prior year	19,320	19,360	19,323	19,262	19,400	19,259	19,206	19,329	19,287	19,182	19,274	19,368
	Change	43	(85)	(243)	(117)	(608)	(545)	(673)	(1,215)	(935)	(794)	(1,370)	(1,556)
217.00	Retired gains	1,063	1,063	1,127	1,126	1,125	1,125	1,125	1,125	1,126	1,125	1,139	1,139
	Prior year	1,015	1,015	1,055	1,054	1,056	1,056	1,056	1,056	1,056	1,056	1,063	1,063
	Change	48	48	72	72	69	69	69	69	70	69	76	76
*****	Total Margins & Equities	20,952	20,864	20,733	20,797	20,443	20,366	20,185	19,767	20,006	20,042	19,572	19,481
	Prior year	20,850	20,891	20,895	20,834	20,975	20,835	20,783	20,906	20,864	20,761	20,861	20,955
	Change	102	(27)	(162)	(37)	(532)	(469)	(598)	(1,139)	(858)	(719)	(1,289)	(1,474)
224.30	REA notes executed	9,180	9,078	9,062	9,045	8,947	8,931	8,913	8,816	8,798	8,781	8,683	8,665
	Prior year	9,718	9,613	9,598	9,583	9,482	9,460	9,443	9,345	9,328	9,312	9,213	9,196
	Change	(538)	(535)	(536)	(538)	(535)	(529)	(530)	(529)	(530)	(531)	(530)	(531)
224.40	REA notes unadvanced												
	Prior year	(109)	(111)	(66)	(21)	(21)							
	Change	109	111	66	21	21	0	0	0	0	0	0	0
224.07	FFB notes executed	22,466	22,466	22,379	22,379	22,379	22,291	22,291	22,291	22,202	22,202	22,202	22,114
	Prior year	22,767	22,767	22,702	22,702	22,702	22,627	22,627	22,627	22,551	22,551	22,551	22,466
	Change	(301)	(301)	(323)	(323)	(323)	(336)	(336)	(336)	(349)	(349)	(349)	(352)
224.08	FFB notes unadvanced												
	Prior year	(3,228)	(3,228)	(3,228)	(3,228)	(2,228)	(2,228)						
	Change	3,228	3,228	3,228	3,228	2,228	2,228	0	0	0	0	0	0
224.12	CFC notes executed	4,253	4,195	4,195	4,195	4,136	4,136	4,136	4,080	4,080	4,080	4,023	4,023
	Prior year	4,480	4,425	4,425	4,425	4,368	4,368	4,368	4,310	4,310	4,310	4,253	4,253
	Change	(227)	(230)	(230)	(230)	(232)	(232)	(232)	(230)	(230)	(230)	(230)	(230)
****	Total long term debt	35,899	35,739	35,636	35,619	35,462	35,358	35,340	35,187	35,080	35,063	34,908	34,802
	Prior year	33,628	33,466	33,431	33,461	34,303	34,227	36,438	36,282	36,189	36,173	36,017	35,915
	Change	2,271	2,273	2,205	2,158	1,159	1,131	(1,098)	(1,095)	(1,109)	(1,110)	(1,109)	(1,113)
**** 231.00	Sort term notes	688	1,402	1,904	2,229	2,825	3,170	3,073	3,341	3,548	3,659	4,818	4,817
	Prior year						461			100			694
	Change	688	1,402	1,904	2,229	2,825	2,709	3,073	3,341	3,448	3,659	4,818	4,123
**** 232.10	Total Payables	713	670	586	572	891	891	851	547	614	723	583	1,059
	Prior year	561	242	240	556	607	642	623	870	630	831	740	868
	Change	152	428	346	16	284	249	228	(323)	(16)	(108)	(157)	191

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Exhibit W  
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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
**** 235	Customer deposits	879	880	891	895	908	911	916	923	926	928	932	934
	Prior year	829	836	841	845	852	853	852	852	856	861	868	874
	Change	50	44	50	50	56	58	64	71	70	67	64	60
236.1	Acc property taxes	145	(65)		38	76	112	150	188	226	264	142	180
	Prior year	149	27	60	26	56	86	116	146	172	202	232	115
	Change	(4)	(92)	(60)	12	20	26	34	42	54	62	(90)	65
236.2	Acc FUTA tax				2	3	4						
	Prior year				2	3	4						
	Change	0	0	0	0	0	0	0	0	0	0	0	0
236.3	Acc FICA tax							16					
	Prior year												
	Change	0	0	0	0	0	0	16	0	0	0	0	0
236.4	Acc SUTA tax				1	3	4						
	Prior year				1	2	4						
	Change	0	0	0	0	1	0	0	0	0	0	0	0
236.5	Sales tax	42	25	24	24	30	31	12	31	37	35	35	37
	Prior year	36	25	13	31	28	27	36	28	44	27	37	36
	Change	6	0	11	(7)	2	4	(24)	3	(7)	8	(2)	1
237.10	RUS interest	35		9	26		16	32		15	31		16
	Prior year	42		10	36		25	48		19	39		17
	Change	(7)	0	(1)	(10)	0	(9)	(16)	0	(4)	(8)	0	(1)
237.11	FFB interest	96	189		96	186		92	188		94	187	
	Prior year	78	154		82	162		82	167		97	193	
	Change	18	35	0	14	24	0	10	21	0	(3)	(6)	0
237.30	CFC interest	49		9	33		24	48		24	47		23
	Prior year	54		26	54		26	51		23	49		24
	Change	(5)	0	(17)	(21)	0	(2)	(3)	0	1	(2)	0	(1)
237.50	Acc int customer deposits	341	343	346	349	352	354	356	359	361	363	366	367
	Prior year	317	319	321	323	326	328	331	332	333	335	337	339
	Change	24	24	25	26	26	26	25	27	28	28	29	28
238.10	Pat cap pay			138	28	20	17	16	15	15	15		
	Prior year			89	17	10	8	7	7	7	7		
	Change	0	0	49	11	10	9	9	8	8	8	0	0

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 those of the Preceding Year - Balance Sheet

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12
241.10	State income tax withheld												
	Prior year												
	Change	0	0	0	0	0	0	0	0	0	0	0	0
241.20	Acc City payroll tax	1	3	5	1	3	5	2	3	4	2	4	5
	Prior year	1	3	5	1	3	5	2	3	4	2	3	5
	Change	0	0	0	0	0	0	0	0	0	0	1	0
241.80	School taxes	87	78	86	93	104	100	84	69	83	92	89	91
	Prior year	69	71	75	82	96	96	85	70	83	79	93	98
	Change	18	7	11	11	8	4	(1)	(1)	0	13	(4)	(7)
242.00	Accrued labor	89	116	177	171	56	67	89	108	128	186	57	77
	Prior year	79	102	113	145	147	56	121	166	113	133	58	56
	Change	10	14	64	26	(91)	11	(32)	(58)	15	53	(1)	21
242.30	Accrued vacation	236	244	227	241	254	262	260	264	260	250	253	249
	Prior year	242	244	239	238	245	256	250	235	228	224	233	239
	Change	(6)	0	(12)	3	9	6	10	29	32	26	20	10
242.40	Acc sick leave	499	502	470	484	488	493	474	474	480	466	468	470
	Prior year	530	534	537	541	544	548	536	481	485	488	492	495
	Change	(31)	(32)	(67)	(57)	(56)	(55)	(62)	(7)	(5)	(22)	(24)	(25)
242.60	Other accruals				(5)								
	Prior year				(5)								
	Change	0	0	0	(5)	0	0	0	0	0	0	0	0
****	Total Current & Accrued Li	1,620	1,435	1,491	1,582	1,575	1,489	1,631	1,699	1,633	1,845	1,601	1,515
	Prior year	1,597	1,479	1,488	1,579	1,622	1,469	1,665	1,635	1,511	1,682	1,678	1,424
	Change	23	(44)	3	3	(47)	20	(34)	64	122	163	(77)	91
****252.10	Consumer advances for cons	273	272	271	270	260	260	262	264	270	276	279	284
	Prior year	275	276	279	283	272	269	272	269	267	268	270	270
	Change	(2)	(4)	(8)	(13)	(12)	(9)	(10)	(5)	3	8	9	14
*****	Total Equities & Liabilities	61,024	61,262	61,512	61,964	62,364	62,445	62,258	61,728	62,077	62,536	62,693	62,892
	Prior year	57,740	57,190	57,174	57,558	58,631	58,756	60,633	60,814	60,417	60,576	60,434	61,000
	Change	3,284	4,072	4,338	4,406	3,733	3,689	1,625	914	1,660	1,960	2,259	1,892



## Comparison of Test Year Income Statement Account

Balances with those of the Preceding Year

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
440.10	Residential	2,103	1,916	2,236	2,563	2,857	2,679	2,131	1,651	2,038	2,285	2,270	2,229	26,958
	Prior year	1,633	1,728	1,966	2,203	2,672	2,619	2,131	1,731	2,001	1,928	2,403	2,508	25,523
	Change	470	188	270	360	185	60	0	(80)	37	357	(133)	(279)	1,435
442.10	Small commercial	264	203	198	198	214	216	196	180	232	257	258	261	2,677
	Prior year	198	180	170	188	198	202	213	192	241	242	255	277	2,556
	Change	66	23	28	10	16	14	(17)	(12)	(9)	15	3	(16)	121
442.20	Large commercial	1,114	946	827	757	825	882	850	892	979	973	942	1,057	11,044
	Prior year	992	904	720	801	802	809	961	897	1,103	932	981	1,020	10,922
	Change	122	42	107	(44)	23	73	(111)	(5)	(124)	41	(39)	37	122
444.00	Street lights	5	4	4	4	4	5	5	5	5	5	5	5	56
	Prior year	4	4	4	4	4	4	5	4	5	4	4	4	50
	Change	1	0	0	0	0	1	0	1	0	1	1	1	6
450.00	Forfeit Discounts	22	21	19	21	18	19	20	20		20	27	22	229
	Prior year	18	18	18	23	19	19	19	20		17	18	20	227
	Change	4	3	1	(2)	(1)	0	1	0	(17)	2	7	4	2
451.00	Miscellaneous service			32		2				2		22	2	60
	Prior year		4	27	2			15		4	26	2		80
	Change	0	(4)	5	(2)	2	0	(15)	0	(2)	(26)	20	2	(20)
451.10	Trip charges	6	6	10	6	5	4	3	4	4	4	7	6	65
	Prior year	8	9	11	7	7	7	8	7	7	5	6	5	87
	Change	(2)	(3)	(1)	(1)	(2)	(3)	(5)	(3)	(3)	(1)	1	1	(22)
451.20	Return check											1		1
	Prior year													0
	Change	0	0	0	0	0	0	0	0	0	0	1	0	1
451.30	ETS													0
	Prior year													0
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
451.40	Reconnect, reg hrs	1	2	2	1	1	1	2	2	2	1	3	3	21
	Prior year	1	2	3	1	1	1	2	2	3	1	2	1	20
	Change	0	0	(1)	0	0	0	0	0	(1)	0	1	2	1



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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
451.50	Reconnect, OT	1	1	2	1	1	1	2	1	1	1	4	4	20
	Prior year	1	1	2	1	1	2	1	2	2	1	1	1	16
	Change	0	0	0	0	0	(1)	1	(1)	(1)	0	3	3	4
451.60	Meter test													0
	Prior year													0
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
451.70	Insulation program	1		26				2	3			1		33
	Prior year	4	2						35				1	42
	Change	(3)	(2)	26	0	0	0	2	(32)	0	0	1	(1)	(9)
451.90	EKPC rebate			17	1									18
	Prior year		36	17										53
	Change	0	(36)	0	1	0	0	0	0	0	0	0	0	(35)
454.00	Rent	17	16	17	17	17	17	17	17	17	17	17	17	203
	Prior year	17	16	17	17	17	17	17	17	17	17	17	17	203
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
456.00	Other electric	5	5	6	5	6	6	6	5	6	5	5	6	66
	Prior year	5	7	6	6	6	6	5	5	5	6	5	6	68
	Change	0	(2)	0	(1)	0	0	1	0	1	(1)	0	0	(2)
456.10	Temp services	3	3	3	2	2	2	2	2	3	3	3	2	30
	Prior year	4	3	4	3	2	3	3	3	4	4	3	3	39
	Change	(1)	0	(1)	(1)	0	(1)	(1)	(1)	(1)	(1)	0	(1)	(9)
***	Total Revenues	3,542	3,123	3,399	3,576	3,952	3,832	3,236	2,782	3,289	3,571	3,565	3,614	41,481
	Prior year	2,885	2,914	2,965	3,256	3,729	3,689	3,380	2,915	3,409	3,184	3,699	3,861	39,886
	Change	661	249	410	321	223	145	(147)	(99)	(118)	389	(139)	(250)	1,645
***	Total Purchase Power	2,652	2,246	2,374	2,544	3,468	3,067	2,667	2,293	2,137	2,617	3,085	2,733	31,883
	Prior year	2,061	2,163	2,085	2,509	2,826	2,962	2,532	2,185	2,588	2,501	2,684	3,119	30,215
	Change	591	83	289	35	642	105	135	108	(451)	116	401	(386)	1,668
580.00	Supervision	3	8	3	4	4	3	4	4	3	3	4	5	48
	Prior year	2	3	3	3	2	3	3	2	2	3	3	3	32
	Change	1	5	0	1	2	0	1	2	1	0	1	2	16

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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
583.00	Overhead Line Exp	12	16	4	5	9	7	11	27	9	30	5	21	156
	Prior year	8	8	5	9	9	7	7	10	9	10	9	(2)	89
	Change	4	8	(1)	(4)	0	0	4	17	0	20	(4)	23	67
586.00	Meter	7	(13)	56	49	5	(12)	(17)	37	35	30	28	38	243
	Prior year	(1)	34	31	45	5	51	55	(139)	33	(23)	33	(20)	104
	Change	8	(47)	25	4	0	(63)	(72)	176	2	53	(5)	58	139
587.00	Cust installation	3	2	2	1	1		2	1	2	2	2	2	20
	Prior year	2	1	2	1	2	4	2	2	2	2	2	2	24
	Change	1	1	0	0	(1)	(4)	0	(1)	0	0	0	0	(4)
588.00	Miscellaneous Distrib	46	85	36	62	35	55	35	29	55	36	41	62	577
	Prior year	44	34	30	47	33	29	68	27	60	31	64	41	508
	Change	2	51	6	15	2	26	(33)	2	(5)	5	(23)	21	69
***	Total Operations	71	98	101	121	54	53	35	98	104	101	80	128	1,044
	Prior year	55	80	71	105	51	94	135	(98)	106	23	111	24	757
	Change	14	12	30	15	2	(37)	(101)	195	(3)	78	(32)	102	275
593.00	Maintenance of overhea	86	90	95	112	99	77	86	101	68	87	102	78	1,081
	Prior year	52	63	65	75	69	77	84	76	69	71	91	65	857
	Change	34	27	30	37	30	0	2	25	(1)	16	11	13	224
593.10	Maintenance ROW	17	11	10	14	14	10	13	13	12	9	6	6	135
	Prior year	17	19	12	18	16	23	17	15	17	13	21	15	203
	Change	0	(8)	(2)	(4)	(2)	(13)	(4)	(2)	(5)	(4)	(15)	(9)	(68)
593.20	Maintenance ROW	72	113	34	74	47	62		79	90	122	170	140	1,003
	Prior year	22	5	4	5	91	48	77	73	111	112	152	6	706
	Change	50	108	30	69	(44)	14	(77)	6	(21)	10	18	134	297
595.00	Transformer maintenanc	16	13	2	6	2	5	26	22	4	6	2	4	108
	Prior year	5	2	2	4	(1)	22	3	9	4	4	31		85
	Change	11	11	0	2	3	(17)	23	13	0	2	(29)	4	23
597.00	Maint meters			1	2	12	3	1	4	1	7			31
	Prior year				1	1	5	3	1	1		1	1	14
	Change	0	0	1	1	11	(2)	(2)	3	0	7	(1)	(1)	17

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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
598.00	Miscellaneous distributi	9	8	6	7	8	7	9	4	4	5	5	6	78
	Prior year	6	9	6	8	7	6	11	8	4	5	8	5	83
	Change	3	(1)	0	(1)	1	1	(2)	(4)	0	0	(3)	1	(5)
***	Total Maintenance	200	235	148	215	182	164	135	223	179	236	285	234	2,436
	Prior year	102	98	89	111	183	181	195	182	206	205	304	92	1,948
	Change	98	137	59	104	(1)	(17)	(60)	41	(27)	31	(19)	142	488
902.00	Meter reading	7	7	7	11	8	9	5	4	4	5	2	4	73
	Prior year	8	10	10	11	11	9	7	7	3	5	14	(3)	92
	Change	(1)	(3)	(3)	0	(3)	0	(2)	(3)	1	0	(12)	7	(19)
903.00	Consumer records & co	74	83	82	67	65	65	62	62	100	47	83	83	873
	Prior year	49	54	57	56	52	58	55	74	58	54	56	74	697
	Change	25	29	25	11	13	7	7	(12)	42	(7)	27	9	176
904.00	Uncollectibles	15	15	15	12	13	12	13	12	13	12	13	14	159
	Prior year	6	6	6	15	15	15	15	15	15	15	15	15	153
	Change	9	9	9	(3)	(2)	(3)	(2)	(3)	(2)	(3)	(2)	(1)	6
***	Total Consumer Accou	96	105	104	90	86	86	80	78	117	64	98	101	1,105
	Prior year	63	70	73	82	78	82	77	96	76	74	85	86	942
	Change	33	35	31	8	8	4	3	(18)	41	(10)	13	15	163
*** 908.00	Informational	22	44	24	22	24	11	7	12	4	4	6	6	186
	Prior year	19	24	33	26	35	33	28	17	11	11	16	17	270
	Change	3	20	(9)	(4)	(11)	(22)	(21)	(5)	(7)	(7)	(10)	(11)	(84)
920.00	Administrative salaries	66	62	48	62	52	48	49	51	46	45	54	48	631
	Prior year	38	51	47	53	48	52	63	24	24	25	48	49	522
	Change	28	11	1	9	4	(4)	(14)	27	22	20	6	(1)	109
921.00	Office supplies & exp	17	18	17	27	24	26	27	28	(15)	14	18	18	219
	Prior year	19	22	22	22	18	22	19	16	15	19	20	16	230
	Change	(2)	(4)	(5)	5	6	4	8	12	(30)	(5)	(2)	2	(11)
923.00	Outside services	2	4	2	2	2	4	2	5	3	8	2	2	38
	Prior year	2	3	3	2	2	4	2	3	2	4	2	2	31
	Change	0	1	(1)	0	0	0	0	2	1	4	0	0	7

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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
924.00	Property insurance	1	1	1	1	1	2	1	2	2	2	2	2	18
	Prior year	1		1	1	1	1	1	1	1	1	1	1	11
	Change	0	1	0	0	0	1	0	1	1	1	1	1	7
925.00	Injuries and damages	5	5	5	6	2	5	5	5	5	6	5	11	65
	Prior year	6		4	4	4	5	4	5	4	4	5	4	49
	Change	(1)	5	1	2	(2)	0	1	0	1	2	0	7	16
926.00	Employee benefits	24	20	29	12	22	23	21	24	16	21	20	10	242
	Prior year	10	13	43	15	19	15	13	13	14	11	25	14	205
	Change	14	7	(14)	(3)	3	8	8	11	2	10	(5)	(4)	37
931.10	General advertising	9	9	9	9	8	10	10	9	9	13	11	11	117
	Prior year	8	8	8	8	11	8	8	8	8	8	9	9	101
	Change	1	1	1	1	(3)	2	2	1	1	5	2	2	16
931.20	Misc general	7	7	8	8	5	6	11	3	7	6	6	7	81
	Prior year	6	9	6	6	8	8	6	7	5	6	6	18	91
	Change	1	(2)	2	2	(3)	(2)	5	(4)	2	0	0	(11)	(10)
930.21	Annual meeting	1	1							3	17	6	11	39
	Prior year	1	1							1	30	3	1	37
	Change	0	0	0	0	0	0	0	0	2	(13)	3	10	2
930.23	Public relations	5	8	6	5	3	9	7	10	18	18	15	22	126
	Prior year	7	6	4	6	2	7	6	10	6	13	15	8	90
	Change	(2)	2	2	(1)	1	2	1	0	12	5	0	14	36
930.30	Director expenses	16	18	12	11	10	10	8	11	7	2	7	8	120
	Prior year	7	8	8	9	9	10	9	9	6	5	10	9	99
	Change	9	10	4	2	1	0	(1)	2	1	(3)	(3)	(1)	21
935.00	Maintenance of general	10	2	4	3	3	3	5	5	3	5	4	2	49
	Prior year	7	8	4	6	3	7	8	9	5	6	6	2	71
	Change	3	(6)	0	(3)	0	(4)	(3)	(4)	(2)	(1)	(2)	0	(22)
***	Total Administrative &	163	155	141	146	132	146	146	153	104	157	150	152	1,745
	Prior year	112	129	150	132	125	139	139	105	91	132	150	133	1,537
	Change	51	26	(9)	14	7	7	7	48	13	25	0	19	208

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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
403.60	Distribution depreciatio	150	152	152	153	153	154	155	155	157	159	160	160	1,860
	Prior year	136	156	142	142	143	144	145	145	146	148	148	150	1,745
	Change	14	(4)	10	11	10	10	10	10	11	11	12	10	115
403.70	General depreciation	8	8	9	9	9	9	9	9	9	9	9	10	107
	Prior year	9	9	9	8	9	8	9	9	9	8	9	8	104
	Change	(1)	(1)	0	1	0	1	0	0	0	1	0	2	3
***	Total Depreciation	158	160	161	162	162	163	164	164	166	168	169	170	1,967
	Prior year	145	165	151	150	152	152	154	154	155	156	157	158	1,849
	Change	13	(5)	10	12	10	11	10	10	11	12	12	12	118
408.10	Property tax	30	30	65	38	38	38	38	38	38	38	38	38	467
	Prior year	29	28	33	30	30	30	30	30	30	30	30	30	360
	Change	1	2	32	8	8	8	8	8	8	8	8	8	107
408.16	PSC assessment	3	3	3	3	3	3	3	3	3	3	3	3	36
	Prior year	3	3	3	3	3	3	3	3	3	3	3	3	36
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
*** 408.6	Regulatory assessment	33	33	68	41	41	41	41	41	41	41	41	41	503
	Prior year	32	31	36	33	33	33	33	33	33	33	33	33	396
	Change	1	2	32	8	8	8	8	8	8	8	8	8	107
427.10	RUS interest	47	19	38	46	26	45	44	21	43	44	21	44	438
	Prior year	51	17	40	56	20	54	52	10	48	49	18	46	461
	Change	(4)	2	(2)	(10)	6	(9)	(8)	11	(5)	(5)	3	(2)	(23)
*****	FFB interest	96	93	91	96	90	93	92	96	90	94	94	92	1,117
	Prior year	78	76	90	82	80	86	82	85	111	97	97	88	1,052
	Change	18	17	1	14	10	7	10	11	(21)	(3)	(3)	4	65
*****	CFC interest	25	22	25	24	37	24	23	21	24	23	21	23	292
	Prior year	27	27	28	27	20	26	25	22	25	25	23	24	299
	Change	(2)	(5)	(3)	(3)	17	(2)	(2)	(1)	(1)	(2)	(2)	(1)	(7)
***	Total Interest on Long-	168	134	154	166	153	162	159	138	157	161	136	159	1,847
	Prior year	156	120	158	165	120	166	159	117	184	171	138	158	1,812
	Change	14	19	(1)	4	16	(2)	2	22	(26)	(8)	0	2	42

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Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
431.00	Interest - customer depc	4	4	4	5	4	5	4	4	5	5	4	5	53
	Prior year	4	4	4	5	4	4	4	4	4	5	4	4	50
	Change	0	0	0	0	0	1	0	0	1	0	0	1	3
431.10	Short-term loans		1				35			40			51	127
	Prior year													0
	Change	0	1	0	0	0	35	0	0	40	0	0	51	127
***	Total Interest - Other	4	5	4	5	4	40	4	4	45	5	4	56	180
	Prior year	4	4	4	5	4	4	4	4	4	5	4	4	50
	Change	0	1	0	0	0	36	0	0	41	0	0	52	130
*** 426.00	Donations				2			1	1		1		2	7
	Prior year				2				5			1	2	10
	Change	0	0	0	0	0	0	1	(4)	0	1	(1)	0	(3)
****	Total Cost of Electric S	3,567	3,215	3,279	3,514	4,306	3,933	3,439	3,205	3,054	3,555	4,054	3,782	42,903
	Prior year	2,749	2,884	2,850	3,320	3,607	3,846	3,456	2,800	3,454	3,311	3,683	3,826	39,786
	Change	818	331	429	194	699	87	(17)	405	(400)	244	371	(44)	3,117
****	Operating Margins	(25)	(92)	120	62	(354)	(101)	(203)	(423)	235	16	(489)	(168)	(1,422)
	Prior year	136	30	115	(64)	122	(157)	(76)	115	(45)	(127)	16	35	100
	Change	(161)	(122)	5	126	(476)	56	(127)	(538)	280	143	(505)	(203)	(1,522)
*** 419.00	Interest income	23	3	4	4	3	3	22	2	2	2	3	3	74
	Prior year	23	12	6	6	7	5	23	11	7	19	8	6	133
	Change	0	(9)	(2)	(2)	(4)	(2)	(1)	(9)	(5)	(17)	(5)	(3)	(59)
418.11	Subsidiary income			55		2								57
	Prior year			100										100
	Change	0	0	(45)	0	2	0	0	0	0	0	0	0	(43)
421.00	Gain loss on retirements										17	3	4	24
	Prior year	8	(2)	18						(5)		68	4	91
	Change	(8)	2	(18)	0	0	0	0	0	5	17	(65)	0	(67)
***	Nonoperating margins -	0	0	55	0	2	0	0	0	0	17	3	4	81
	Prior year	8	(2)	118	0	0	0	0	0	(5)	0	68	4	191
	Change	(8)	2	(63)	0	2	0	0	0	5	17	(65)	0	(110)

Acct #	Description	October Month 1	November Month 2	December Month 3	January Month 4	February Month 5	March Month 6	April Month 7	May Month 8	June Month 9	July Month 10	August Month 11	September Month 12	Total
424.40	Patronage capital - East KY													0
	Prior year													0
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
***	Total G & T Capital Cr	0	0	0	0	0	0	0	0	0	0	0	0	0
	Prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
	Change	0	0	0	0	0	0	0	0	0	0	0	0	0
*** 424.10	Patronage capital - other			22			20						70	112
	Prior year					6	15						50	71
	Change	0	0	22	0	(6)	5	0	0	0	0	0	20	41
*****	Net Margins	(2)	(89)	201	66	(349)	(78)	(181)	(421)	237	35	(483)	(91)	(1,155)
	Prior year	167	40	239	(58)	135	(137)	(53)	126	(43)	(108)	92	95	495
	Change	(169)	(129)	(38)	124	(484)	59	(128)	(547)	280	143	(575)	(186)	(1,650)

ACCOUNT	DESCRIPTION	AMOUNT
102.00	ELECTRIC PLANT PURCHASED OR SOLD	0.00
102.10	TEMP SERV RENTALS SUPPLIES PURCH	0.00
107.11	CONSTR W I P-MBLE RADIO COMM SYS	364,143.65
107.12	CONSTR W I P-GIS FIELD INVENTORY	68,470.26
107.20	CONSTRUCTION W I P - F/A	148,636.94
107.21	CONST W.I.P.-OVERHEAD	0.00
107.22	CONST W.I.P-BLDG IMPROVEMENTS	0.00
107.30	CONST W.I.P-SPECIAL EQUIPMENT	0.00
107.31	CONST/EMERG 3-PHASE PADMT TRANSF	0.00
108.60	ACCUM DEPR/DISTRIBUTION PLANT	14,366,189.59-
108.70	GP ACCUM DEPR-BLDG & IMPROVEMENT	594,560.78-
108.71	GP ACCUM DEPR-FURNITURE & EQUIP	437,701.30-
108.72	GP ACCUM DEPR-VEHICLES	1,618,768.77-
108.74	GP ACCUM DEPR-GARAGE EQUIP/TOOLS	40,469.54-
108.75	GP ACCUM DEPR-LABORATORY EQUIP	88,363.98-
108.76	GP ACCUM DEPR-POWER OP EQUIP	143,475.77-
108.77	GP ACCUM DEPR-COMMUNICATIO EQUIP	189,242.59-
108.78	GP ACCUM DEPR-MISC. EQUIP	48,109.35-
108.79	GP ACCUM DEPR-TEMPORARY SERVICES	39,054.89-
108.80	RETIREMENT WORK IN PROGRESS	40,625.79
108.81	RETIREMENT W.I.P.-OVERHEAD	0.00
123.10	PAT CAP FROM ASSOC COOPS-UUS	227,347.88
123.11	PAT CAP FROM ASSOC COOPS-EKPC	8,154,740.85
123.12	PAT CAP FROM ASSOC COOPS-CFC	130,094.39
123.13	PAT CAP FROM ASSOC COOPS-KAEC	62,176.43
123.14	PAT CAP ASSOC COOP-SO EASTN DATA	48,209.14
123.15	INVESTMENT IN SUBSIDIARY-FESC	758,436.65
123.16	INVESTM'T IN SUBSIDIARY-ENVISION	28,001.12
123.17	PAT CAP ASSOC COOP-N R T C	18.19
123.21	SUBSCRIPT'S TO CAP TERM CERT-CFC	0.00
123.22	INVESTMT'S IN CAP TERM CERT-CFC	835,657.75
123.23	OTHER INVESTM'TS/ASSOC ORGANIZAN	3,448.76
123.24	OTHER INVESTMT/HART CO MAPPING	2,484.24
123.25	OTHER INVESTMENTS/FEDERATED INS	78,816.00
124.00	OTHER INVESTMENTS	0.00
128.00	FRECC/DEPOSIT FOR PCS	0.00
131.00	CASH GEN FDS-EDMONTON STATE BANK	2,782.20
131.01	CASH CAP CR A/C-EDMONTON STATE	1,291.96
131.02	CASH - SOUTH CENTRAL BANK	0.00
131.03	CASH -GEN FUNDS-AREA BANK	0.00
131.04	CASH-HEALTH INS FD/SOUTH CENTRAL	415,684.98
131.05	CASH-MUNF SERV CNTR--PBI BANK	41,337.77
131.06	CASH-SOUTH CENTRAL BK-DENTAL INS	0.00
131.07	CASH-GEN FUNDS/EDMONTON STATE BK	1,281,573.63
131.08	CD-HEALTH INS/EDMONTON STATE BK	0.00
131.10	CASH-PAYROLL-B B & T BANK	848.48
131.20	CASH CONSTR FUND-TRUSTEE/ESB	0.00
131.40	TRANSFER OF CASH	0.00
135.00	WORKING FUNDS	2,200.00



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ACCOUNT	DESCRIPTION	AMOUNT
136.00	TEMPORARY CASH INVESTMENTS	53,111.39
141.30	NOTES RECEIVABLE - ETS	0.00
141.40	NOTES RECEIVABLE-SPD EC DEV LOAN	0.00
141.50	NOTES REC/CONSUMER POLE REPLACMT	220.00
142.10	CUSTOMER ACCTS RECEIVABLE/ELEC	1,881,571.90
142.12	CUST ACCTS REC/ASSISTANCE VOUCHR	1,312.72
142.20	CUSTOMER ACCTS REC/UTILITY SERV	12,992.70
142.30	WARNING SIREN MAINTENANCE	107.20
142.70	CUSTOMER ACCTS RECEIVABLE-CLRING	0.00
143.00	OTHER ACCOUNTS RECEIVABLE	146,213.44
143.10	ACCTS RECEIVABLE/MATERIAL SALES	0.00
143.20	ACCOUNTS RECEIVABLE/HOMESTEAD FD	0.00
143.30	OTHER A/C REC/JOBS/MATL/PROJ/ETC	3,267.20
143.40	OTHER ACCOUNTS REC/FIXED J/E	0.00
143.60	OTHER REC/EDMONSON CO IND AUTH	0.00
144.10	ACCUM PROV FOR UNCOLLECTABLE A/C	174,031.43-
146.00	A/R FROM SUBSIDIARY-FTSK	0.00
154.00	PLT MATERIALS & OPR SUPPLIES	435,501.20
155.00	MERCHANDISE - SCHOOL APPLIANCE	0.00
155.10	MERCHANDISE - LOAD MANAGEMENT	0.00
155.20	MERCHANDISE - METER BASE - ETS	0.00
155.30	MERCHANDISE -ETS UNITS	0.00
155.40	MERCHANDISE - METER BASES	0.00
155.50	MERCHANDISE - SURGE PROTECTION	329.84
155.60	MERCHANDISE/MISCL ENERGY CONSERV	0.00
155.70	MERCHANDISE/MISCL/INSULATION	0.00
155.80	MERCHANDISE/TRANSF SWITCH W/BASE	0.00
163.00	STORES EXPENSE - UNDISTRIBUTED	0.00
163.01	MINOR MATERIAL EXPENSED	0.00
163.10	STORES/INVENTORY EXPENSED	0.00
163.20	STORES/HOLD JOB 12048 CLOSING	0.00
163.30	STORES/HOLD FOR MISC CORRECTIONS	0.00
163.40	STORES/MATERIAL INVENTORY ADJ'MT	0.00
165.10	PREPAYMENTS - INSURANCE	18,750.44
165.11	PREPAYMENT-KY WC SURCHARGE	0.00
165.20	OTHER PREPAYMENTS	46,323.35
165.30	GASOLINE PURCHASES	13,146.69
181.00	UNAMORTIZED DEBT EXPENSE - CFC	0.00
184.00	TRANSPORTATION EXPENSE/OVERHEAD	0.00
184.10	TRANSPORTATION EXPENSE/CLEARING	0.29
184.11	TRANS EXP/D O T SAFETY REGULATNS	0.00
184.12	TRANS EXP/VEHICLE STOCK ITEMS	1,020.51
184.20	CLEARING ACCT/OTHER/HEAVY EQUIP	0.00
184.30	PAYROLL DEDUCTION/CLEARING A/C	0.00
184.40	WINTER CARE/CLEARING ACCOUNT	0.00
184.50	CONSUMER RECREATIONAL TICKETS	0.00
186.00	MISCELLANEOUS DEFERRED DEBITS	33,470.89
186.10	DEFERRED DEBIT/CFC CONVERSION FE	0.00
186.30	CLEARING ACCOUNT/DEPRECIATION	2,901.32

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ACCOUNT	DESCRIPTION	AMOUNT
200.10	MEMBERSHIPS ISSUED	530,105.00-
201.10	PATRONS CAPITAL CREDITS	19,070,929.39-
217.00	RETIRED CAPITAL CREDITS/GAIN	1,139,066.73-
219.10	OPERATING MARGINS	0.00
219.20	NON-OPERATING MARGINS	0.00
219.21	NON-OPERATING MARGINS-FESC	21,563.35
219.22	NON OPERATING MARGINS-ENVISON	31,303.00-
224.03	LTD-RUS CONSTR NOTES EXECUTED	8,664,886.86-
224.04	RUS NOTES EXECUTED-CONSTR DEBIT	0.00
224.05	INT ACCRUED-DEFERRED-REA CONSTR	0.00
224.06	ADV PAYM'TS UNAPPLIED-LTD DEBIT	0.00
224.07	LONG TERM DEBT OTHER-FFB	22,114,085.46-
224.08	FFB NOTES EXECUTED-CONSTR-DEBIT	0.00
224.11	OTHER LONG-TERM DEBT-SUBSCRIPTNS	0.00
224.12	OTHER LONG-TERM DEBT-CFC	4,022,848.87-
224.13	CFC NOTES EXECUTED - DEBIT	0.00
224.14	OTHER LONG TERM DEBT/MISCL	0.00
224.16	LTD--RUS ECONOMIC DEV NOTES EXEC	0.00
224.17	RUS NOTE EXEC-ECONOMIC DEV-DEBIT	0.00
231.00	NOTES PAYABLE - WEATHERIZATION	0.00
231.10	NOTES PAYABLE - SHORT TERM	4,817,646.45-
232.03	GENERAL FUNDS/ESB BANK	230,558.89-
232.30	ACCOUNTS PAYABLE	0.00
232.31	ACCOUNTS PAYABLE - OTHER	828,402.47-
235.00	CONSUMER DEPOSITS	933,684.00-
236.10	ACCRUED PROPERTY TAXES	179,991.84-
236.20	ACCRUED TAXES/U S SOC SEC/UNEMPL	135.89-
236.30	ACCRUED TAXES - F.I.C.A.	0.00
236.40	ACCRUED TAXES - KY UNEMPLOYMENT	143.90-
236.50	ACCRUED TAXES - KY SALES & USE	37,123.90-
237.10	ACCRUED INT-REA CONSTR OBLIGAT'N	16,279.86-
237.11	ACCRUED INT-FFB	0.00
237.20	ACCRUED INTEREST/MODY PROPERTY	0.00
237.30	OTHER INTEREST ACCRUED - CFC	22,801.50-
237.40	OTHER INTEREST ACCRUED-CONS DEP	367,035.20-
237.50	ACCRUED INTEREST - SHORT TERM	0.00
238.10	PATRONAGE CAPITAL PAYABLE	117.77-
241.00	INCOME TAX WITHHELD - FEDERAL	0.00
241.10	INCOME TAX WITHHELD - STATE	0.00
241.20	INCOME TAX WITHHELD - CITY	4,219.88-
241.21	HART COUNTY PAYROLL TAX	686.20-
241.22	CITY OF MUNFORDVILLE PAYROLL TAX	0.00
241.25	METCALFE COUNTY PAYROLL TAX	330.25-
241.30	3% UTILITY TAX-GRAYSON CO SCHOOL	798.43-
241.40	3% UTILITY TAX-GREEN CO SCHOOLS	463.73-
241.50	3% UTIL TAX-METCALFE CO SCHOOLS	17,377.55-
241.60	3% UTIL TAX-EDMONSON CO SCHOOLS	265.53-
241.70	3% UTIL TAX-ADAIR CO SCHOOLS	286.12-
241.80	3% UTIL TAX - BARREN CO SCHOOLS	54,477.97-

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ACCOUNT	DESCRIPTION	AMOUNT
241.81	35 UTIL TAX--MONROE CO SCHOOLS	26.67-
241.90	3% UTIL TAX - HART CO SCHOOLS	17,009.60-
241.91	3% UTIL TAX - LAURE CO SCHOOLS	0.00
241.92	3% UTIL TAX - CAVERNA SCH DIST	0.00
241.93	3% UTIL TAX - GLASGOW INDPDT SCH	0.00
242.00	ACCRUED LABOR	77,190.29-
242.30	ACCRUED EMPLOYEES VACATION	248,976.02-
242.40	ACCRUED SICK LEAVE - RETIREMENT	469,804.82-
242.50	OTHER CURRENT/ACCURED LIAB/401K	0.00
242.60	OTHER CURRENT/ACCR LIA/COLONIAL	386.84-
242.70	CURRENT ACCRUED LIA/EMPL MEDICAL	52.00
242.71	CURRENT ACCRUED LIA/DIR MEDICAL	130.99
242.80	OTHER CURRENT/ACCURED LIA/CANCER	15.40-
242.90	MEDICAL & DEP CARE REIMBURSEMENT	0.00
252.00	CUSTOMER ADVANCES/CONSTRUCTION	282,774.96-
253.00	OTHER DEFERRED CREDITS	735.00-
303.00	MISCELLANEOUS INTANGIBLE PLANT	3,624.60
342.00	OPPLT-FUEL HOLDERS, PRODUCERS/ACC	40,845.76
344.00	OTHER PRODUCTION PLT-GENERATORS	862,299.34
345.00	OPPLT-ACCESSORY ELECTRIC EQUIP	197,673.30
362.00	DIST PLT-STATION EQUIPMENT	16,234.63
364.00	DIST PLT-POLES, TOWERS & FIXTURES	19,059,990.54
365.00	DIST PLT-O/H CONDUCTOR & DEVICES	14,626,876.45
367.00	DIST PLT-U/G CONDUCT. & DEVICES	765,773.01
368.00	DIST PLT - LINE TRANSFORMERS	11,431,509.85
369.00	DIST PLT - SERVICES	6,106,312.18
370.00	DIST. PLT. - METERS-TRADITIONAL	311,117.11
370.01	DIST.PLT.-AMR-TWAC-METERS, 1-PH	3,478,492.18
370.02	DIST.PLT-AMR-TWAC-RECEIVER/EQUIP	482,856.86
370.03	DIST.PLT.-AMR-TWAC-TRANSFORMERS	213,037.33
370.04	DIST.PLT.-AMR-TWAC-COMPUTER	35,005.76
370.05	DIST.PLT.-AMR-TWAC-CONTROL LINKS	11,378.86
370.10	DIST PLT/AMR REMOVE VOLTAGE MONT	0.00
371.00	DIST PLT-INSTALL/CUST. PREMISE	1,696,783.19
372.00	DIST PLT-LEASED PROP/CONS PREM	0.00
373.00	DIST PLT - ST LIGHT & SIGN. SYS.	2,849.77
373.10	STREET LIGHTING/CITY OF GLASGOW	73,320.89
373.20	STREET LIGHTING/CITY--CAVE CITY	68,365.50
373.30	STREET LIGHTING/METCALFE COUNTY	6,722.49
373.40	STREET LIGHTING/CITY OF MUNF'VLE	3,981.39
373.50	STREET LIGHTING/CITY OF EDMONTON	11,887.55
373.60	STREET LIGHTING/HISEVILLE	0.00
373.70	STREET LIGHTING/BARREN COUNTY	15,909.35
389.00	GEN PLT-LAND AND LAND RIGHTS	887,499.92
390.00	GEN PLT - STRUCTURES & IMPRVEMTS	1,218,152.58
391.00	GEN PLT-OFFICE FURNITURE & EQUIP	640,634.29
391.10	OFF/FURN-IBM SYS 34 & SOFTWARE	0.00
391.11	OFF/FURN/HEWLETT PACK'D SYS 3000	0.00
391.12	OFFICE FURN/PRINTERS	0.00

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ACCOUNT	DESCRIPTION	AMOUNT
391.13	GEOGRAPHIC INFO SYS/JOINT HDW	0.00
391.14	GEOGRAPHIC INFO SYS/FRE COMP HDW	0.00
391.15	GEOGRAPHIC INFO SYS/JOINT SOFT	0.00
391.16	GEOGRAPHIC INFO SYS/FRE SOFTWARE	0.00
391.17	GEOGRAPHIC INFO SYS/JOINT DATA	0.00
391.18	GEOGRAPHIC INFO SYS/FRECC DATA	0.00
391.20	GEN PLT-OFF/FURN DIGITAL COMPUTR	0.00
391.21	OFFICE FURNITURE-COLOR SCANNER	0.00
391.30	GEN PLANT - IBM PC-AT	0.00
391.40	GEN PLT/THOMSON COLOR MONITOR/PC	0.00
391.50	GEN PLT/386 ENGINEER COMPUTER	0.00
391.60	GEN PLT/WEATHER COMPUTER	0.00
391.70	GEN PLT/LAP TOP COMPUTER	0.00
391.80	GEN PLT/P C UPGRADE - GEE	0.00
391.90	GEN PLT/SMRT TERMINALS/HP 3000	0.00
391.91	GEN PL/COMPACT PRESARIO 500 CDTV	0.00
391.99	GEN PLANT/MUNF SERVICE CENTER	0.00
392.00	GEN PLT/TRANSPORTATION EQUIPM'T	2,387,523.01
393.00	GEN PLANT/STORES EQUIPMENT	0.00
394.00	GEN PLT/TOOLS,SHOP,GARAGE EQUIP	61,641.95
394.10	GEN PLT-SM TOOLS,SHOP,GARAGE EQP	0.00
394.20	SM TOOLS/EMPLOYEE CLIMBING TOOLS	0.00
395.00	GEN PLT-LABORATORY EQUIPMENT	113,495.95
395.10	GEN PLT-PCB EQUIPMENT	0.00
396.00	GEN PLT-POWER OPERATED EQUIPMENT	154,379.51
396.10	GEN PLT/PWR OPR/LAWN MOWER	0.00
397.00	GEN PLT - COMMUNICATIONS EQUIPMT	198,093.83
397.10	GEN PLT/COMM EQUIP/TELEPHONE SYS	0.00
398.00	GEN PLT - MISCELLANEOUS EQUIPM'T	62,021.99
398.10	GEN PLT/MISC EQP/SURGE PROTECT'N	0.00
398.70	GEN PLT/MISCL EQUIP/INSULATION	0.00
399.00	GEN PLNT/TEMP SERVICE/CONS PREM	39,054.89
403.60	DEPR EXPENSE/DISTRIBUTION PLANT	1,861,094.65
403.70	DEPR EXPENSE - GENERAL PLANT	107,642.93
408.10	PROPERTY TAXES - EXPENSES	467,112.94
408.12	TAXES-U S UNEMPLOYMENT	0.00
408.13	TAXES-U S SOC SEC - F.I.C.A.	0.00
408.14	TAXES - STATE UNEMPLOYMENT - KY	0.00
408.16	TAXES - PSC ASSESSMENT	38,840.93
418.10	INCOME (LOSS) OF SUBSIDIARY-FESC	54,546.38-
418.11	INCOME (LOSS) OF SUBSIDIARY-ENVS	2,322.00-
419.00	INTEREST AND DIVIDEND INCOME	74,835.68-
419.30	INTEREST ON NOTE RECEIVABLE-ETS	0.00
419.60	INTEREST/ADV L.T.D. PAYMENTS-REA	0.00
421.01	GAIN/LOSS ON DISPOSITION OF PROP	24,447.20-
421.10	GAIN ON DISPOSITION OF PROPERTY	0.00
423.00	G & T CAPITAL CREDITS	0.00
424.00	OTHER CAP CRS & PATR. CAP. ALLOC	110,964.89-
426.10	DONATIONS	6,856.96

ACCOUNT	DESCRIPTION	AMOUNT
426.11	COOPERATIVE CHRISTMAS FUND	0.00
426.12	DONATION/SCHOOL APPLIANCE PROG	0.00
426.40	EXPENDITURES/CIVIC, POL. ACTIVITY	0.00
426.50	OTHER DEDUCTIONS	0.00
427.10	INTEREST/REA CONSTRUCTION LOAN	438,117.99
427.11	INTEREST/FFB	1,116,368.67
427.20	INTEREST ON OTHER LTD - CFC	292,560.29
427.30	INTEREST/MODY PROPERTY	0.00
428.00	AMORTIZATION OF DEBT DISC & EXP	0.00
431.00	INTEREST EXP/CONSUMER DEPOSITS	53,947.27
431.10	INTEREST EXPENSE - SHORT TERM	126,287.45
440.10	RESIDENTIAL SALES - RURAL	26,957,096.78-
442.10	COMMERCIAL & INDUSTRIAL SALES/SM	2,679,151.07-
442.20	COMMERCIAL & INDUSTRIAL SALES/LG	11,044,968.84-
444.00	PUBLIC STREET & HIGHWAY LIGHTING	55,638.44-
450.00	FORFEITED DISC-OTHER OPERT'G REV	228,394.10-
451.00	MISCELLANEOUS SERVICE REVENUE	61,524.49-
451.10	MISC SERV REV/TRIP CHARGES	65,959.48-
451.20	MISC SERV REV/CHECK CHARGES	4,170.00-
451.30	MISC SERVICE REVENUE-ETS UNITS	816.31-
451.40	MISC SERV REV/RECONNECT REG HRS	22,455.30-
451.50	MISC SERV REV/RECONNECT O.T. HRS	20,040.00-
451.60	MISC SERV REV/METER TEST FEES	945.00-
451.70	MISCL SERV REV/INSULATION PROG	32,796.34-
451.80	MISC SERV REVENUE/INSPECTIONS	0.00
451.90	EKPC MARKETING REBATE/REVENUE	18,093.80-
454.00	RENT FROM ELECTRIC PROPERTY	200,109.15-
456.00	OTHER ELECTRIC REVENUE	63,775.87-
456.01	RENTAL HOUSES/BROADWAY	0.00
456.02	RENT/HOUSE ON LEWIS STREET	0.00
456.03	RENTAL INCOME - FTSK	4,800.00-
456.10	REVENUE/TEMPORARY SERVICE RENT	29,705.80-
456.50	FTSK/REIMBURSEMENT FOR SERVICES	0.00
555.00	PURCHASED POWER	31,882,830.89
580.00	OPERATIONS, SUPERVISION & ENG	47,957.24
581.00	LOAD MGMT.-DEMAND REDUCERS	0.00
583.00	OVERHEAD LINE EXPENSE	154,230.30
583.10	OVERHEAD LINE EXPENSE - PCB	2,792.37
583.20	MAINT-OVERHEAD LINE-CONTRACTORS	0.00
586.00	METER EXPENSE	243,015.73
586.10	METER EXP/PWR DIVERSION INVESTG	0.00
587.00	CONSUMER INSTALLATION EXPENSE	18,415.69
587.10	CONSUMER INSPECTION EXPENSE	0.00
587.20	CUST INSPECTION EXP/HAZARDOUS	0.00
587.30	ETS PROGRAM - LABOR ONLY	0.00
587.40	MISCL EXP/TEMP SERV RNTL REPAIRS	2,617.15
587.50	MISCL EXP/SURGE PROTECTOR	0.00
588.00	MISCELLANEOUS DISTRIBUTION EXP	563,135.45
588.11	GEOGRAPHIC INFORMATION SYS/MAINT	16,000.00

ACCOUNT	DESCRIPTION	AMOUNT
589.00	POLE RENTAL	0.00
593.00	MAINTENANCE OF OVERHEAD LINES	545,613.21
593.01	MAINTENANCE OF LINE/EMERG REPAIR	535,112.35
593.02	MAINTENANCE/MAJOR STORM DAMAGE	0.00
593.03	MAINTENANCE/ICE STORM DISASTER	0.00
593.04	MAINTENANCE OF LINE/MAJOR STORM	0.00
593.05	MAINT/STORM DAMAGE/APRIL 98	0.00
593.10	MAINTENANCE OF RIGHT OF WAY	2,324.44
593.11	FREC/HOT SPOT CLEARING/HAND	121,875.43
593.12	FREC/HOT SPOT CLRING/MOWING B/H	406.73
593.13	FREC/HOT SPOT CLEARING/CHEMICAL	0.00
593.14	FREC/AREA CLEARING/HAND	0.00
593.15	FREC/AREA CLRING/MOWING B/H	0.00
593.16	FREC/AREA CLEARING/CHEMICAL	0.00
593.17	R/W MAJOR EQUIPMENT	7,520.16
593.18	R/W SMALL TOOLS	1,681.47
593.19	R/W FOUL WEATHER	2,289.82
593.21	CONTRACTORS/AREA CLEARING/HAND	0.00
593.22	FREC/R/W SICK LEAVE & HOLIDAY	5,125.79
593.23	CONTRACTORS/AREA CLEARING/MOWING	0.00
593.24	CONTRACTORS/HOT SPOT CLRING/HAND	0.00
593.25	CONT/AREA CLEARING-CHEMICAL	261,516.58
593.26	FRE/AREC HAND CLRING/CYC 2	0.00
593.27	FRE/AREA MOWING CLRING/CYC 2	0.00
593.28	FRE/AREA CHEMICAL CLRING/CYC 2	0.00
593.29	CONT/AREA HAND CLRING/CYC 2	719,702.79
593.30	MAINTENACE OF POLES	593.60
593.31	CONT/AREA MOWING CLRING/CYC 2	0.00
593.32	CONT/AREA CHEMICAL CLRING/CYC 2	0.00
593.40	MAINTENANCE OF LINE INSPECTION	15,958.42
595.00	MAINTENANCE OF LINE TRANSFORMERS	87,649.68
595.01	MAINT OF TRANSF/EMERG REAPIRS	22,621.06
595.02	MAINT/TRANSF-MAJOR STORM DAMAGE	0.00
595.10	VOLTAGE REGULATOR MAINTENANCE	0.00
597.00	MAINTENANCE OF METERS	32,045.21
598.00	MAINTENANCE OF MISC DISTR PLANT	78,001.11
598.10	STREET LIGHT/OVERHEAD EXPENSE	439.81
598.50	FTSK-BILLABLE SERVICES	0.00
901.00	SUPERVISION	0.00
902.00	METER READING EXPENSE	71,242.10
903.00	CUST RECORDS & COLLECTION EXPENS	872,761.16
903.10	CASH -- LONG AND SHORT	146.55
904.00	UNCOLLECTIBLE ACCOUNTS	157,500.00
904.10	UNCOLLECTIBLE/OTHER A/R	2,845.93
908.00	CUSTOMER ASSISTANCE EXPENSE	73,435.73
908.10	CUSTOMER SATELLITE TV PROGRAM'NG	0.00
908.20	SCHOOL APPLIANCE PROGRAM	0.00
908.30	ETS EXPENSE	15,499.11
908.50	SURGE PROTECTION/EXPENSE	0.00

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ACCOUNT	DESCRIPTION	AMOUNT
908.60	ENRGY CONSERVATION/EXP BUTTON UP	86,740.71
908.70	ENERGY CONSERVATN/INSULATION EXP	0.00
909.00	PUBLIC SAFETY AWARENESS	8,944.21
912.00	MARKETING EXPENSE	136.40
920.00	ADMINISTRATIVE & GEN'L SALARIES	628,734.21
920.10	CAPITAL CREDIT REFUNDS-EXPENSE	2,289.42
921.00	OFFICE SUPPLIES AND EXPENSE	218,881.35
923.00	OUTSIDE SERVICES EMPLOYED	39,274.65
924.00	PROPERTY INSURANCE	17,630.31
925.00	INJURIES AND DAMAGES	63,840.75
926.00	EMPL TRAINING/EDUCATIONAL PROG	256,399.13
926.01	EMPL BENEFIT/LINEMAN'S TRAINING	0.00
926.10	EMPLOYEE BENEFITS	13,568.50-
928.00	REGULATROY COMMISSION EXPENSES	0.00
930.10	GENERAL ADVERTISING EXPENSES	117,494.13
930.20	MISCELLANEOUS GENERAL EXPENSE	82,237.53
930.21	ANNUAL MEETING EXPENSE	39,968.71
930.23	PUBLIC RELATIONS & IMAGE	126,747.89
930.30	DIRECTOR'S FEES AND EXPENSES	119,178.85
930.31	DIRECTORS ELECTION EXPENSE	0.00
932.00	MAINTENANCE OF GENERAL PLANT	51,176.50
932.01	MAINTENANCE/SUB-STATION MOWING	135.64
932.10	MAINTENANCE/HOUSE ON BROADWAY	0.00
932.11	MAINTENANCE/HOUSE ON LEWIS ST	0.00

ACCOUNTS 000.00 TO 399.99 1,162,418.11-  
 ACCOUNTS 400.00 TO 999.99 1,162,418.11

E Z  
1 of 2

Farmers Rural Electric Cooperative  
Case No. 2008 - 00030

Comparative Capital Structure (Excluding JDIC)  
For the Periods as Shown  
"000" Omitted

Line No.	Type of Capital	1998 10th Year		1999 9th Year		2000 8th Year		2001 7th Year		2002 6th Year		2003 5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
		1	Long Term Debt	17,781	53%	19,054	53%	18,626	52%	22,788	55%	22,058	54%
2	Short Term Debt		0%	604	2%	1,071	3%	1,176	3%		0%	115	0%
3	Memberships	413	1%	427	1%	441	1%	453	1%	466	1%	479	1%
4	Patronage Capital	15,299	46%	15,590	44%	15,380	43%	16,708	41%	18,545	45%	19,946	43%
5	Other (Itemize by type)		0%		0%		0%		0%		0%		0%
6	Total Capitalization	33,493	100%	35,675	100%	35,518	100%	41,125	100%	41,069	100%	46,859	100%

Line No.	Type of Capital	2004 4th Year		2005 3rd Year		2006 2nd Year		2007 1st Year		2008 Test year		Latest Quarter September 31, 2008		Average Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
		1	Long Term Debt	28,430	58%	31,928	61%	33,431	62%	35,636	61%	34,802	59%	34,924	59%
2	Short Term Debt		0%		0%		0%	1,904	3%	4,818	8%	4,432	8%	2,782	5%
3	Memberships	493	1%	505	1%	517	1%	526	1%	530	1%	529	1%	527	1%
4	Patronage Capital	19,955	41%	20,097	38%	20,378	38%	20,207	35%	18,951	32%	19,169	32%	19,793	34%
5	Other (Itemize by type)		0%		0%		0%		0%		0%		0%	0	0%
6	Total Capitalization	48,878	100%	52,530	100%	54,326	100%	58,273	100%	59,101	100%	59,054	100%	58,487	100%



Farmers Rural Electric Cooperative  
 Case No. 2008 - 00030  
 Calculation of Average Test Period Capital Structure  
 12 months ended September 30, 2008

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Memberships (e)	Common Stock (f)	Patronage Capital (g)	Total Common Equity (h)
1	Balance Beginning of Test year	57,563	35,914	694	524		20,431	
2	1st month	57,538	35,898	688	526		20,426	
3	2nd month	58,004	35,738	1,402	526		20,338	
4	3rd month	58,273	35,636	1,904	526		20,207	
5	4th month	58,644	35,619	2,229	526		20,270	
6	5th month	58,731	35,462	2,825	526		19,918	
7	6st month	58,893	35,357	3,170	527		19,839	
8	7th month	58,598	35,340	3,073	527		19,658	
9	8th month	58,293	35,186	3,341	528		19,238	
10	9th month	58,632	35,079	3,548	528		19,477	
11	10th month	58,764	35,063	3,659	529		19,513	
12	11th month	59,297	34,907	4,818	529		19,043	
13	12th month	59,101	34,802	4,818	530		18,951	
14	Total (Line 1 through Line 13)	760,331	460,001	36,169	6,852	0	257,309	0
15	Average balance (Line 14/13)	58,487	35,385	2,782	527	0	19,793	0
16	Average capitalization ratios	100%	61%	5%	1%	0%	34%	0%
17	End of period capitalization ratios	100%	59%	8%	1%	0%	32%	0%



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Overtime pay is calculated at 1-1/2 times regular pay rate for hours worked in excess of 8 hours per day.

The test year included an extra day for Leap Year. The eight (8) hours associated with leap year have been removed.

Employees are rewarded for an extra vacation day when safety goals are met. Farmers attained this goal during the test year.

Temporary employees are used for certain busy times of the month, or when an employee has scheduled vacation time off. This is expected to continue into the future.

There are no union employees. Wage and salary increases are as follows:

	<u>Increase</u>
2008	3.50%
2007	3.00%
2006	3.00%
2005	3.00%
2004	2.50%

The amount of increase was allocated based on the actual test year.

Projected wages	\$3,196,635
Actual wages for test year	<u>3,132,211</u>
Adjustment	<u>\$64,424</u>

The allocation is on the following page:

Farmers Rural Electric Cooperative  
Case No. 2008-00030

Allocation of increase in payroll:

		<u>Labor</u>	<u>Percent</u>	<u>Allocation</u>
		<u>Distribution</u>		
107.20	Construction work in progress	611,731	19.5%	12,582
108.80	Retirement work in progress	188,786	6.0%	3,883
142.2	Due from other cooperatives	25,505	0.8%	525
163.00	Stores	90,936	2.9%	1,870
184.00	Transportation	59,589	1.9%	1,226
242.52	Employee sick leave	187,031	6.0%	3,847
580.00	Operations	22,438		
583.00	Overhead line	28,155		
586.00	Meter	216,433		
587.00	Installations	8,231		
588.00	Miscellaneous distribution	211,055	15.5%	10,003
593.00	Overhead line	463,548		
595.00	Transformers	14,920		
597.00	Street lights	5,211		
598.00	Miscellaneous maintenance	26,836	16.3%	10,500
902.00	Meter reading	32,007		
903.00	Consumer records	373,240	12.9%	8,335
908.00	Consumer accounting	71,669		
909.00	Consumer information	4,015	2.4%	1,557
920.00	Administrative	343,214		
926.00	Employee benefits	97,464		
930.00	Miscellaneous	42,463		
935.00	Maintenance general plant	<u>7,734</u>	<u>15.7%</u>	<u>10,096</u>
	Total	<u>3,132,211</u>	<u>100.0%</u>	<u>64,424</u>

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Employee Earnings and Hours  
September 30, 2008

Exhibit 1  
page 3 of 11  
Witness: Alan Zi

Employee Number	Hours Worked Test Year				Actual Test Year Wages					Wage Rate Nov 1, 2008	Normalized Wages @ 2,080 Hours			
	Regular	Overtime	Vac/Sick	Total	Regular	Overtime	Vac/Sick	Christmas	Total		Regular	Overtime	Vac/Sick	Total
<b>Salaried Employees:</b>														
4	2,088.00		8.00	2,096.00	134,543		538	240	135,321	67.31	140,005	538	140,543	
23	2,088.00		8.00	2,096.00	73,599		283	280	74,162	36.58	76,086	293	76,379	
57	2,088.00		8.00	2,096.00	67,889		269	265	68,423	34.84	72,467	279	72,746	
93	2,088.00		8.00	2,096.00	61,337		236	190	61,763	33.66	70,013	269	70,282	
114	2,088.00		8.00	2,096.00	64,293		247	155	64,695	34.73	72,238	278	72,516	
125	2,088.00		8.00	2,096.00	78,643		302	160	79,105	39.09	81,307	313	81,620	
143	2,088.00		8.00	2,096.00	48,551		187	150	48,888	24.14	50,211	193	50,404	
163	2,088.00		8.00	2,096.00	67,889		269	130	68,288	34.84	72,467	279	72,746	
Subtotal	16,704.00	0.00	64.00	16,768.00	596,744	0	2,331	1,570	600,645		634,795	0	2,442	637,237
<b>Hourly Employees:</b>														
8	2,088.00	45.00	8.00	2,141.00	48,176	1,364	192	240	49,972	25.96	53,997	1,752	208	55,957
10	2,084.00	210.00	8.00	2,302.00	39,256	5,934	151	220	45,561	20.97	43,618	6,606	168	50,391
12	2,088.00		8.00	2,096.00	36,479		140	220	36,839	18.13	37,710	0	145	37,855
24	2,088.00	336.00	8.00	2,432.00	51,713	12,524	198	215	64,650	26.65	55,432	13,432	213	69,077
32	2,088.00	6.00	8.00	2,102.00	51,056	221	196	270	51,743	25.38	52,790	228	203	53,222
34	2,088.00	2.00	8.00	2,098.00	37,480	54	144	235	37,913	18.63	38,750	56	149	38,955
42	2,088.00	285.50	8.00	2,381.50	51,056	10,477	196	245	61,974	25.38	52,790	10,869	203	63,862
47	2,088.00	232.00	8.00	2,328.00	56,176	9,364	216	255	66,011	27.92	58,074	9,716	223	68,013
50	2,088.00	81.50	8.00	2,177.50	56,176	3,291	216	275	59,958	27.92	58,074	3,413	223	61,710
54	2,088.00	277.50	8.00	2,373.50	56,176	11,207	216	245	67,844	27.92	58,074	11,622	223	69,919
62	2,088.00	847.50	8.00	2,943.50	51,056	31,112	196	220	82,584	25.38	52,790	32,264	203	85,258
72	2,088.00	20.50	8.00	2,116.50	56,176	825	216	265	57,482	27.92	58,074	859	223	59,156
74	2,088.00	36.00	8.00	2,132.00	33,190	861	128	210	34,389	16.50	34,320	891	132	35,343
78	2,088.00	141.00	8.00	2,237.00	48,515	4,924	186	205	53,830	24.12	50,170	5,101	193	55,464
81	2,088.00		8.00	2,096.00	28,860		111	205	29,176	14.35	29,848	0	115	29,963
82	2,088.00	3.50	8.00	2,099.50	47,225	119	181	200	47,725	23.47	48,818	123	188	49,129
84	2,088.00	230.50	8.00	2,326.50	40,518	6,701	156	195	47,570	20.14	41,891	6,963	161	49,016
86	2,088.00	121.00	8.00	2,217.00	35,094	3,049	136	195	38,474	17.63	36,670	3,200	141	40,011
90	2,088.00	896.50	8.00	2,992.50	33,190	21,402	128	195	54,915	16.50	34,320	22,188	132	56,640
91	2,088.00	369.00	8.00	2,465.00	46,580	12,344	179	190	59,293	23.15	48,152	12,814	185	61,151
101	2,088.00	132.50	8.00	2,228.50	42,122	4,020	162	175	46,479	20.94	43,555	4,162	168	47,885
103	2,088.00	117.00	8.00	2,213.00	31,399	2,640	121	175	34,335	15.61	32,469	2,740	125	35,333

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Employee Earnings and Hours  
September 30, 2008

Exhibit 1  
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Witness: Alan Z

Employee Number	Hours Worked Test Year				Actual Test Year Wages					Wage Rate Nov 1, 2008	Normalized Wages @ 2,080 Hours			
	Regular	Overtime	Vac/Sick	Total	Regular	Overtime	Vac/Sick	Christmas	Total		Regular	Overtime	Vac/Sick	Total
105	2,088.00	27.00	8.00	2,123.00	35,751	696	137	175	36,759	19.23	39,998	779	154	40,931
113	2,088.00	119.50	8.00	2,215.50	38,312	3,287	147	165	41,911	21.07	43,826	3,777	169	47,771
116	2,088.00		8.00	2,096.00	22,967		88	165	23,220	12.02	25,002	0	96	25,098
117	2,088.00	10.50	8.00	2,106.50	24,299	184	93	165	24,741	12.84	26,707	202	103	27,012
118	2,088.00	116.00	8.00	2,212.00	43,414	3,628	167	165	47,374	21.58	44,886	3,755	173	48,814
119	2,088.00	25.00		2,113.00	36,484	649		165	37,298	18.13	37,710	680	0	38,390
124	2,088.00	29.25	8.00	2,125.25	34,440	725	132	160	35,457	17.12	35,610	751	137	36,498
128	2,088.00	52.50	8.00	2,148.50	28,089	1,063	108	160	29,420	14.84	30,867	1,169	119	32,155
131	2,088.00	250.50	8.00	2,346.50	45,954	8,275	177	160	54,566	22.84	47,507	8,582	183	56,272
133	2,088.00	87.25	8.00	2,183.25	29,192	1,830	112	155	31,289	14.51	30,181	1,899	116	32,196
134	2,088.00	24.00	8.00	2,120.00	24,299	420	93	155	24,967	12.56	26,125	452	100	26,677
136	2,088.00	176.00	8.00	2,272.00	42,122	5,338	162	155	47,777	20.94	43,555	5,528	168	49,251
137	2,088.00	195.50	8.00	2,291.50	40,227	5,654	155	155	46,191	20.00	41,600	5,865	160	47,625
139	2,088.00	88.50	8.00	2,184.50	28,445	1,781	118	150	30,494	15.27	31,762	2,027	122	33,911
142	2,088.00	273.50	8.00	2,369.50	42,123	8,279	162	150	50,714	20.94	43,555	8,591	168	52,313
144	2,088.00	77.00	8.00	2,173.00	32,400	1,791	124	145	34,460	16.11	33,509	1,861	129	35,498
150	2,088.00	354.50	8.00	2,450.50	39,458	10,065	152	145	49,820	20.47	42,578	10,885	164	53,626
151	2,088.00	1,271.00	8.00	3,367.00	45,956	41,971	177	140	88,244	22.84	47,507	43,544	183	91,234
153	2,088.00	305.00	8.00	2,401.00	42,123	9,231	162	140	51,656	20.94	43,555	9,580	168	53,303
154	2,088.00	225.00	8.00	2,321.00	34,058	5,549	135	140	39,882	17.45	36,296	5,889	140	42,325
156	2,088.00	832.50	8.00	2,928.50	39,134	23,504	152	140	62,930	19.90	41,392	24,850	159	66,401
159	2,088.00	640.00	8.00	2,736.00	39,135	18,060	152	135	57,482	19.90	41,392	19,104	159	60,655
160	2,088.00	302.00	8.00	2,398.00	51,056	11,081	196	170	62,503	25.38	52,790	11,497	203	64,491
164	2,088.00	274.50	8.00	2,370.50	34,763	6,869	138	130	41,900	17.81	37,045	7,333	142	44,521
169	2,088.00	372.50	8.00	2,468.50	29,980	8,079	119	120	38,298	15.36	31,949	8,582	123	40,654
172	2,088.00	116.75	8.00	2,212.75	23,320	1,958	90	115	25,483	12.94	26,915	2,266	104	29,285
175	2,088.00	187.60	8.00	2,283.60	22,607	3,394	98	105	26,204	14.11	29,349	3,971	113	33,432
176	2,088.00	29.00	8.00	2,125.00	21,279	443	82	105	21,909	11.80	24,544	513	94	25,152
179	2,088.00	7.50	8.00	2,103.50	21,279	115	82	100	21,576	11.24	23,379	126	90	23,596
180	696.00			696.00	11,512				11,512	16.79	34,923	0	0	34,923
181	640.00	8.50		648.50	6,399	128			6,527	10.00	20,800	128	0	20,928
182	16.00			16.00	246				246	15.36	31,949	0	0	31,949
Subtotal	107,836.00	10,868.85	400.00	119,104.85	1,988,495	326,480	7,472	9,080	2,331,527		2,169,149	343,186	7,861	2,520,195

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Employee Earnings and Hours  
September 30, 2008

Exhibit 1  
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Witness: Alan Z

Employee Number	Hours Worked Test Year				Actual Test Year Wages					Wage Rate Nov 1, 2008	Normalized Wages @ 2,080 Hours			
	Regular	Overtime	Vac/Sick	Total	Regular	Overtime	Vac/Sick	Christmas	Total		Regular	Overtime	Vac/Sick	Total
<b>Summer and Part Time Employees:</b>														
6	262.00			262.00	2,934			100	3,034	11.59	3,037	0		3,037
16	668.00			668.00	7,482			100	7,582	11.59	7,742	0		7,742
122	924.00	1.00		925.00	12,944	21		150	13,115	21.39	19,764	32		19,796
174	854.50	5.50		860.00	8,290	80		110	8,480	10.00	8,545	83	0	8,628
Subtotal	2,708.50	6.50	0.00	2,715.00	31,650	101	0	460	32,211		39,088	115	0	39,203
<b>Retirees:</b>														
18	450.00			450.00	21,526			330	21,856					
28	2,080.00			2,080.00	60,283			295	60,578					
43	1,296.00	26.50		1,322.50	30,950	972		290	32,212					
155	1,255.00	4.50		1,259.50	21,456	116		140	21,712					
161	166.00			166.00	3,431			100	3,531					
166	1,919.00	154.25		2,073.25	24,847	2,972		120	27,939					
Subtotal	7,166.00	185.25	0.00	7,351.25	162,493	4,060	0	1,275	167,828		0	0	0	0
<b>Total</b>	<b>134,414.50</b>	<b>11,060.60</b>	<b>464.00</b>	<b>145,939.10</b>	<b>2,779,382</b>	<b>330,641</b>	<b>9,803</b>	<b>12,385</b>	<b>3,132,211</b>		<b>2,843,032</b>	<b>343,300</b>	<b>10,302</b>	<b>3,196,635</b>

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Employee Information  
September 30, 2008

The following is a list of employees added during the test year, and the employees that were replaced, or reason for hiring the employees.

<u>Employee Hired</u>	<u>Reason</u>
180	Replaced employee #155
181	Replaced employee #6 and #16, who both retired and now work part-time
182	Replaced employee #43

The following is a list of employees terminated, and the date.

<u>Employee Number</u>	<u>Month Terminated</u>
18	12/07
28	09/08
43	06/08
155	06/08
161	10/07
166	08/08



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Employee Earnings and Hours  
September 30, 2008

Exhibit 1  
page 7 of 11  
Witness: Bill Prather

Employee Number	Wage Rate Nov 1, 2006	Wage Rate Nov 1, 2007	Percent Increase	Wage Rate Nov 1, 2008	Percent Increase	Date of last Increase	Reason for increase
<b>Salaried Employees:</b>							
4	60.10	67.31	12.0%	67.31	0.0%	12/06/07	
23	34.31	35.35	3.0%	36.58	3.5%	09/01/07	
57	29.45	33.66	14.3%	34.84	3.5%	03/25/08	
93	28.60	29.46	3.0%	33.66	14.3%	03/25/08	Additional responsibilities
114	29.97	30.88	3.0%	34.73	12.5%	05/01/08	Additional responsibilities
125	36.67	37.77	3.0%	39.09	3.5%	09/01/07	
143	22.63	23.32	3.0%	24.14	3.5%	09/01/07	
163	29.45	33.66	14.3%	34.84	3.5%	04/28/08	
Subtotal Salaried employees							
<b>Hourly Employees:</b>							
8	20.44	24.04	17.6%	25.96	8.0%	11/3/08	Additional responsibilities
10	18.34	18.89	3.0%	20.97	11.0%	11/3/08	Additional responsibilities
12	17.01	17.52	3.0%	18.13	3.5%	11/3/08	
24	23.81	24.75	3.9%	26.65	7.7%	11/3/08	Promotion
32	23.81	24.52	3.0%	25.38	3.5%	11/3/08	
34	17.48	18.00	3.0%	18.63	3.5%	11/3/08	
42	23.81	24.52	3.0%	25.38	3.5%	11/3/08	
47	26.19	26.98	3.0%	27.92	3.5%	11/3/08	
50	26.19	26.98	3.0%	27.92	3.5%	11/3/08	
54	26.19	26.98	3.0%	27.92	3.5%	11/3/08	
62	23.81	24.52	3.0%	25.38	3.5%	11/3/08	
72	26.19	26.98	3.0%	27.92	3.5%	11/3/08	
74	15.48	15.94	3.0%	16.50	3.5%	11/3/08	
78	22.62	23.30	3.0%	24.12	3.5%	11/3/08	
81	13.46	13.86	3.0%	14.35	3.5%	11/3/08	
82	22.02	22.68	3.0%	23.47	3.5%	11/3/08	
84	18.89	19.46	3.0%	20.14	3.5%	11/3/08	
86	16.54	17.03	3.0%	17.63	3.5%	11/3/08	
90	15.48	15.94	3.0%	16.50	3.5%	11/3/08	
91	21.72	22.37	3.0%	23.15	3.5%	11/3/08	
101	19.64	20.23	3.0%	20.94	3.5%	11/3/08	
103	14.64	15.08	3.0%	15.61	3.5%	11/3/08	

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Employee Earnings and Hours  
September 30, 2008

Exhibit 1  
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Witness: Bill Prather

Employee Number	Wage Rate Nov. 1, 2006	Wage Rate Nov. 1, 2007	Percent Increase	Wage Rate Nov. 1, 2008	Percent Increase	Date of last Increase	Reason for increase
105	16.67	17.17	3.0%	19.23	12.0%	11/3/08	Promotion
113	17.86	18.40	3.0%	21.07	14.5%	11/3/08	Additional responsibilities
116	10.71	11.03	3.0%	12.02	9.0%	11/3/08	Merit increase
117	11.33	11.67	3.0%	12.84	10.0%	11/3/08	Merit increase
118	20.24	20.85	3.0%	21.58	3.5%	11/3/08	
119	17.01	17.52	3.0%	18.13	3.5%	11/3/08	
124	16.06	16.54	3.0%	17.12	3.5%	11/3/08	
128	13.10	13.49	3.0%	14.84	10.0%	11/3/08	Merit increase
131	21.43	22.07	3.0%	22.84	3.5%	11/3/08	
133	13.61	14.02	3.0%	14.51	3.5%	11/3/08	
134	11.33	11.67	3.0%	12.56	7.6%	11/3/08	Merit increase
136	19.64	20.23	3.0%	20.94	3.5%	11/3/08	
137	18.76	19.32	3.0%	20.00	3.5%	11/3/08	
139	12.27	14.75	20.2%	15.27	3.5%	11/3/08	
142	19.64	20.23	3.0%	20.94	3.5%	11/3/08	
144	15.11	15.56	3.0%	16.11	3.5%	11/3/08	
150	18.40	18.95	3.0%	20.47	8.0%	11/3/08	
151	21.43	22.07	3.0%	22.84	3.5%	11/3/08	
153	19.64	20.23	3.0%	20.94	3.5%	11/3/08	
154	16.37	16.86	3.0%	17.45	3.5%	11/3/08	
156	17.77	18.95	6.6%	19.90	5.0%	11/3/08	Step increase
159	17.77	18.95	6.6%	19.90	5.0%	11/3/08	Step increase
160	23.81	24.52	3.0%	25.38	3.5%	11/3/08	
164	16.71	17.21	3.0%	17.81	3.5%	11/3/08	
169	14.41	14.84	3.0%	15.36	3.5%	11/3/08	
172	10.87	11.20	3.0%	12.94	15.5%	11/3/08	Merit increase
175	10.22	12.22	19.6%	14.11	15.5%	11/3/08	Merit increase
176	9.92	10.22	3.0%	11.80	15.5%	11/3/08	Merit increase
179	9.92	10.22	3.0%	11.24	10.0%	11/3/08	Merit increase
180	0.00	0.00	0.0%	16.79	0.0%	11/3/08	
181	0.00	0.00	0.0%	10.00	0.0%	11/3/08	
182	0.00	0.00	0.0%	15.36	0.0%	11/3/08	

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Compensation of Executive Officers  
September 30, 2008

	<----	Test Year	---->	Employees
		Percent of		who
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>	<u>Report</u>
Chief Executive Officer - CEO	140,000.00	0.0%	01/02/08	all
VP, Finance & CFO	81,307.00	3.5%	04/28/08	12
VP, Engineering	72,238.00	12.5%	03/25/08	23
VP, Member Services	72,467.00	3.5%	09/01/07	6

	<u>First Preceding Year</u>		
	Percent of		
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>
Chief Executive Officer - CEO	140,000.00	12.0%	01/01/07
VP, Finance & CFO	78,562.00	3.0%	04/28/07
VP, Engineering	64,230.00	3.0%	03/25/07
VP, Member Services	70,013.00	14.3%	09/01/06

	<u>Second Preceding Year</u>		
	Percent of		
	<u>Salary</u>	<u>Increase</u>	<u>Date</u>
Chief Executive Officer - CEO	125,000.00	0.0%	01/01/06
VP, Finance & CFO	76,274.00	3.0%	04/28/06
VP, Engineering	62,338.00	3.0%	03/25/06
VP, Member Services	61,256.00	3.0%	09/01/05

Farmers Rural Electric Cooperative  
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Compensation of Executive Officers  
September 30, 2008

**President & CEO Duties and Responsibilities**

It is the responsibility of the President & CEO to report directly to the Board of Directors in implementing the Board policies and directives.

**VP, Finance and CFO**

Coordinates all audit efforts by various agencies. Maintains financial status of Cooperative by developing budgets and financial statements. Collaborates with other Vice Presidents to fill any vacant positions. Assists and advises other departments as requested in the preparation of departmental budgets. Maintains all information related to accounting as needed. Determine short term cash investments and long term cash requirements. Assists in the development of information necessary for long term loan applications. Review financial information to ensure compliance with regulatory agencies. Ensure taxes are properly prepared and filed on a timely basis. Plan and organize to serve members with efficient work. Prepare and supervise the preparation of monthly financial statements and reports. Analyze electric sales revenues, collections, delinquents, write-offs and penalty charges for efficiencies. Maintain knowledge of laws and regulations governing the operations of Farmers Rural Electric. Directs preparation of daily cash transactions. Certifies the monthly Uniform Fuel Adjustment regulation and submits to PSC. Reports directly to the President & CEO.

**VP, Engineering**

Collaborates with Construction and Maintenance Supervisors and Contractors on a daily basis for operational needs. Prepares and presents the CEO an annual capital and expense budget. Plan and organize to serve members with efficient work. Promote fast, dependable electric service to the members and maintain power quality. Maintain knowledge of local and national laws and regulations governing the operations of Farmers Rural Electric. Reports directly to the President & CEO.

**VP, Member Services**

Plan and organize to serve members with efficient work. Investigate member concerns that have not been satisfied by other employees. Analyze electric sales revenues, collections, delinquents, write-offs and penalty charges for efficiencies. Maintain knowledge of laws and regulations governing the operations of Farmers Rural Electric. Participate in community events and programs. Reports directly to the President & CEO.

Farmers Rural Electric Cooperative  
Case No. 2008-00030

Exhibit 1  
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Witness: Alan Zumstein

Analysis of Salaries and Wages  
For the calendar years 2005 through 2007  
and the Test year

Line No	Item (a)	Twelve Months Ended						Test year	
		2005		2006		2007		2008	
		Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)	Amount (l)	% (m)
1	Wages charged to expense:								
2	Distribution expense	982	-20%	1,013	3%	1,032	2%	997	-3%
3	Customer accounts expense	357	9%	379	6%	371	-2%	405	9%
4	Customer service and information	95	-7%	101	6%	112	11%	76	-32%
5	Sales expense		0%		0%		0%		0%
6	Administrative and general expenses:								
	(a) Administrative and general	305	-0%	317	4%	300	-5%	343	14%
	(b) Office supplies and expense								
	(c) Outside services employed								
	(d) Property insurance								
	(e) Injuries and damages		0%	1	0%	1	0%		-100%
	(f) Employees hospitalization and bene	86	2%	76	-12%	97	28%	97	0%
	(g) Retirement and security								
	(h) Miscellaneous general	23	44%	24	4%	17	-29%	42	147%
	(i) Maintenance of general plant	5	-44%	11	120%	19	73%	8	-58%
7	Total administrative and general expenses L6(a) to L6(i)	419	1%	429	-3%	434	1%	490	-3%
8	Charged to clearing and others	337	9%	320	-5%	341	7%	363	6%
9	Total salaries and wages charged to expense and other L2 to L6 + L7 + L8	2,190	-8%	2,242	2%	2,290	2%	2,331	2%
10	Wages capitalized	844	4%	882	5%	794	-10%	801	1%
11	Total salaries and wages	3,034	-5%	3,124	3%	3,084	-1%	3,132	2%
12	Ratio of salaries and wages charged to expense to total wages L9 / L11	72%		72%		74%		74%	
13	Ratio of salaries and wages capitalized to total wages L10 / L11	28%		28%		26%		26%	
14	Overtime wages	265	-14%	305	15%	271	-11%	331	22%
15	Overtime hours	9,616		10,947		9,457		11,061	



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Payroll Taxes

The employer's portion of FICA and medicare rates remain the same for 2008 as they were for 2007. The FICA rate is 6.2% and medicare is 1.45%. The wage limit increases from \$97,500 in 2007 to \$102,000 in 2008 for FICA; all wages are subject to medicare.

Federal unemployment rates are 0.80% for the first \$7,000 of wages and state unemployment rate is 0.80% for the first \$8,000 of wages.

Proposed FICA amounts

FICA	195,802	
Medicare	46,351	
	<u>242,153</u>	
Proposed FUTA	3,664	
Proposed SUTA	4,182	249,999

Test year amount

FICA and Medicare	235,829	
Test year FUTA	4,038	
Test year SUTA	4,388	244,255

Increase		<u>5,744</u>
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**Adjustment:**

		<u>Percent</u>	<u>Amount</u>
107	Capitalized	25.56%	1,468
163 - 416	Clearing and others	11.59%	666
580	Operations	15.53%	892
590	Maintenance	16.30%	936
901	Consumer accounts	12.94%	743
908	Customer service	2.42%	139
912	Sales	0.00%	0
920	Administrative and general	15.67%	900
		<u>100.00%</u>	<u>\$5,744</u>

State unemployment (SUTA) wage rates are as follows:

2008	0.80%
2007	0.60%
2006	0.60%
2005	0.70%
2004	0.60%

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Employee Earnings and Hours  
September 30, 2008

Exhibit 2  
page 2 of 4  
Witness: Alan Zumstein

Employee Number	Normalized Wages	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$102,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	0.800%

**Salaried Employees:**

4	140,543	102,000	6,324	140,543	2,038	7,000	56	8,000	64
23	76,379	76,379	4,736	76,379	1,107	7,000	56	8,000	64
57	72,746	72,746	4,510	72,746	1,055	7,000	56	8,000	64
93	70,282	70,282	4,357	70,282	1,019	7,000	56	8,000	64
114	72,516	72,516	4,496	72,516	1,051	7,000	56	8,000	64
125	81,620	81,620	5,060	81,620	1,183	7,000	56	8,000	64
143	50,404	50,404	3,125	50,404	731	7,000	56	8,000	64
163	72,746	72,746	4,510	72,746	1,055	7,000	56	8,000	64
Subtotal Sala	637,237	598,693	37,119	637,237	9,240	56,000	448	64,000	512

**Hourly Employees:**

8	55,957	55,957	3,469	55,957	811	7,000	56	8,000	64
10	50,391	50,391	3,124	50,391	731	7,000	56	8,000	64
12	37,855	37,855	2,347	37,855	549	7,000	56	8,000	64
24	69,077	69,077	4,283	69,077	1,002	7,000	56	8,000	64
32	53,222	53,222	3,300	53,222	772	7,000	56	8,000	64
34	38,955	38,955	2,415	38,955	565	7,000	56	8,000	64
42	63,862	63,862	3,959	63,862	926	7,000	56	8,000	64
47	68,013	68,013	4,217	68,013	986	7,000	56	8,000	64
50	61,710	61,710	3,826	61,710	895	7,000	56	8,000	64
54	69,919	69,919	4,335	69,919	1,014	7,000	56	8,000	64
62	85,258	85,258	5,286	85,258	1,236	7,000	56	8,000	64
72	59,156	59,156	3,668	59,156	858	7,000	56	8,000	64
74	35,343	35,343	2,191	35,343	512	7,000	56	8,000	64
78	55,464	55,464	3,439	55,464	804	7,000	56	8,000	64
81	29,963	29,963	1,858	29,963	434	7,000	56	8,000	64
82	49,129	49,129	3,046	49,129	712	7,000	56	8,000	64
84	49,016	49,016	3,039	49,016	711	7,000	56	8,000	64
86	40,011	40,011	2,481	40,011	580	7,000	56	8,000	64
90	56,640	56,640	3,512	56,640	821	7,000	56	8,000	64
91	61,151	61,151	3,791	61,151	887	7,000	56	8,000	64
101	47,885	47,885	2,969	47,885	694	7,000	56	8,000	64
103	35,333	35,333	2,191	35,333	512	7,000	56	8,000	64



Farmers Rural Electric Cooperative  
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September 30, 2008

Exhibit 2  
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Witness: Alan Zumstein

Employee Number	Normalized Wages	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To \$102,000	@ 6.20%	All Wages	1.45%	Up to \$7,000	0.80%	Up to \$8,000	0.800%
105	40,931	40,931	2,538	40,931	594	7,000	56	8,000	64
113	47,771	47,771	2,962	47,771	693	7,000	56	8,000	64
116	25,098	25,098	1,556	25,098	364	7,000	56	8,000	64
117	27,012	27,012	1,675	27,012	392	7,000	56	8,000	64
118	48,814	48,814	3,026	48,814	708	7,000	56	8,000	64
119	38,390	38,390	2,380	38,390	557	7,000	56	8,000	64
124	36,498	36,498	2,263	36,498	529	7,000	56	8,000	64
128	32,155	32,155	1,994	32,155	466	7,000	56	8,000	64
131	56,272	56,272	3,489	56,272	816	7,000	56	8,000	64
133	32,196	32,196	1,996	32,196	467	7,000	56	8,000	64
134	26,677	26,677	1,654	26,677	387	7,000	56	8,000	64
136	49,251	49,251	3,054	49,251	714	7,000	56	8,000	64
137	47,625	47,625	2,953	47,625	691	7,000	56	8,000	64
139	33,911	33,911	2,102	33,911	492	7,000	56	8,000	64
142	52,313	52,313	3,243	52,313	759	7,000	56	8,000	64
144	35,498	35,498	2,201	35,498	515	7,000	56	8,000	64
150	53,626	53,626	3,325	53,626	778	7,000	56	8,000	64
151	91,234	91,234	5,657	91,234	1,323	7,000	56	8,000	64
153	53,303	53,303	3,305	53,303	773	7,000	56	8,000	64
154	42,325	42,325	2,624	42,325	614	7,000	56	8,000	64
156	66,401	66,401	4,117	66,401	963	7,000	56	8,000	64
159	60,655	60,655	3,761	60,655	880	7,000	56	8,000	64
160	64,491	64,491	3,998	64,491	935	7,000	56	8,000	64
164	44,521	44,521	2,760	44,521	646	7,000	56	8,000	64
169	40,654	40,654	2,521	40,654	589	7,000	56	8,000	64
172	29,285	29,285	1,816	29,285	425	7,000	56	8,000	64
175	33,432	33,432	2,073	33,432	485	7,000	56	8,000	64
176	25,152	25,152	1,559	25,152	365	7,000	56	8,000	64
179	23,596	23,596	1,463	23,596	342	7,000	56	8,000	64
180	34,923	34,923	2,165	34,923	506	7,000	56	8,000	64
181	20,928	20,928	1,298	20,928	303	7,000	56	8,000	64
182	31,949	31,949	1,981	31,949	463	7,000	56	8,000	64
Subtotal hour	2,520,195	2,520,195	156,252	2,520,195	36,543	378,000	3,024	432,000	3,456

Farmers Rural Electric Cooperative  
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Employee Earnings and Hours  
September 30, 2008

Exhibit 2  
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Witness: Alan Zumstein

Employee Number	Normalized Wages	Social Security Wages		Medicare Wages		Federal Unemployment		State Unemployment	
		Up To	@	All Wages	1.45%	Up to	0.80%	Up to	0.800%
		\$102,000	6.20%			\$7,000		\$8,000	

**Summer and Part Time Employees:**

6	3,037	3,037	188	3,037	44	3,037	24	3,037	24
16	7,742	7,742	480	7,742	112	7,000	56	7,742	62
122	19,796	19,796	1,227	19,796	287	7,000	56	8,000	64
174	8,628	8,628	535	8,628	125	7,000	56	8,000	64

Subtotal sum	39,203	39,203	2,431	39,203	568	24,037	192	26,779	214
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**Retirees:**

18  
28  
43  
155  
161  
166

Subtotal retiree	0	0	0	0	0	0	0	0	0
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<b>Total</b>	3,196,635	3,158,091	195,802	3,196,635	46,351	458,037	3,664	522,779	4,182
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Witness: Alan Zumstein

Farmers Rural Electric Cooperative

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**Depreciation Expense**

Depreciation is computed on a composite basis. The ending plant balance is multiplied by rates that are within RUS approved guidelines. Depreciation rates and procedures follow RUS Bulletin 183-1. Farmers Rural Electric has never had a depreciation study prepared.

Depreciation on transportation equipment is charged to a clearing account. Transportation costs are then cleared to various accounts based on time used for each vehicle from the daily time sheets of employees driving the vehicles.

Items of general plant that are fully-depreciated have been removed from the calculation in order to determine the normalized depreciation cost. These amounts have been separated on the right had column of the normalized calculation.

Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
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## Normalized depreciation accrual:

Distribution plant	2,043,075	
General plant	329,351	
Charged to clearing	<u>(204,534)</u>	
		2,167,891

## Test year depreciation accrual:

Distribution plant	1,861,095	
General plant	270,171	
Charged to clearing	<u>(162,528)</u>	
		<u>1,968,738</u>

## Normalized depreciation adjustment

199,153

## Transportation clearing

Normalized accrual	204,534
Test year accrual	<u>162,528</u>
	<u><u>42,006</u></u>

The allocation of the increase in depreciation on transportation equipment is based on actual test year transportation clearing.

<u>Account</u>	<u>%</u>	<u>Amount</u>
Construction and retirement WIP	34%	\$14,463
Others	1%	495
Distribution - operations	15%	6,322
Distribution - maintenance	27%	11,302
Consumer accounts	7%	2,904
Consumer service and information	6%	2,399
Administrative and general	<u>10%</u>	<u>4,122</u>
Total	<u>100%</u>	<u>\$42,007</u>

Farmers Rural Electric Cooperative  
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Account Number	Description	Test Year Balance	Rate	Normalized Expense	Test Year Expense	Exclude Items Fully Depreciated
<b>Distribution plant:</b>						
303	Intangible	3,625				
342	Fuel producers	40,846	3.24%	1,323	117	
344	Generators	862,299	3.24%	27,938	1,323	
345	Electronic equip	197,673	3.24%	6,405	27,938	
362	Station equipment	16,235	3.24%	526	6,405	
364	Poles, towers & fixtures	19,059,991	3.24%	617,544	526	
365	Overhead conductors & devices	14,626,876	3.24%	473,911	606,113	
367	Underground conductor & devices	765,773	3.24%	24,811	466,731	
368	Line transformers	11,431,510	3.24%	370,381	23,928	
369	Services	6,106,312	3.24%	197,845	361,845	
370	Meters	311,117	3.24%	10,080	188,514	
370.01	Meters, 1-Ph TWACS	3,478,492	6.67%	232,015	22,770	
370.02	Meters, Receiver equip	482,857	6.67%	32,207	91,081	
370.03	Meters, Transformers	213,037	6.67%	14,210	9,170	
370.04	Meters, computer equip	35,006	20.00%	7,001	24,745	
370.05	Meters, control links	11,379	14.40%	1,639	5,041	
371	Installations on customer premises	1,696,783	3.24%	54,976	209	
373	Street lighting	183,037	3.24%	5,930	54,017	
		<u>59,522,848</u>		<u>2,043,075</u>	<u>1,861,095</u>	
<b>General plant:</b>						
389	Land	887,500				
390	Structures and improvements	1,218,153	2.50%	20,361	20,236	403,720
391	Office furn and eqt	640,634	20.00%	81,375	68,945	233,760
392	Transportation	2,387,523	14.00%	204,534	162,528	926,563
394	Tools, shop and garage	61,642	6.00%	3,181	3,792	8,632
395	Laboratory	113,496	8.00%	3,953	3,753	64,086
396	Power operated	154,380	12.00%	6,701	8,135	98,541
397	Communications	198,094	14.00%	7,539	1,035	144,242
398	Miscellaneous	101,077	6.00%	1,708	1,747	72,618
		<u>5,762,499</u>		<u>329,351</u>	<u>270,171</u>	
	Total electric plant	<u>65,285,347</u>		<u>2,372,426</u>	<u>2,131,266</u>	

Items that are fully depreciated are removed from the ending balance to compute test year depreciation.

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

Exhibit 3  
page 4 of 6

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Changes in electric plant:		Begin Balance	Additions	Retirements	Transfer	End Balance
303	Intangible	3,625	0			\$3,625
342	Fuel producers	40,846	0			40,846
344	Generators	862,299	0			862,299
345	Electronic equip	197,673	0			197,673
362	Station equipment	16,235	0			16,235
364	Poles, towers and fixtures	18,354,391	843,585	137,985		19,059,991
365	Overhead conductor and devices	14,183,691	546,745	103,560		14,626,876
367	Underground conductor and devices	711,243	55,421	891		765,773
368	Line transformers	10,904,596	554,443	27,529		11,431,510
369	Services	5,749,669	396,573	39,930		6,106,312
370	Meters	1,094,440	11,987	795,310		311,117
370.01	Meters, 1-Ph TWACS	2,143,799	1,334,693			3,478,492
370.02	Meters, Receiver equip	83,197	399,660			482,857
370.03	Meters, Transformers	34,416	194,377	15,756		213,037
370.04	Meters, computer equip	35,006	0			35,006
370.05	Meters, control links	1,519	9,860			11,379
371	Installations on customer premises	1,637,600	83,029	23,846		1,696,783
373	Street lighting	181,959	1,893	815		183,037
	Subtotal distribution plant	56,236,204	4,432,266	1,145,622	0	59,522,848
389	Land	888,700	0	1,200		887,500
390	Structures and improvements	1,072,772	145,381			1,218,153
391	Office furn and eqt	592,284	69,388	21,038		640,634
392	Transportation	2,146,495	271,961	30,933		2,387,523
394	Tools, shop and garage	59,011	3,251	620		61,642
395	Laboratory	110,353	3,143			113,496
396	Power operated	192,730	6,040	44,390		154,380
397	Communication	188,414	9,680			198,094
398	Miscellaneous	102,006	0	929		101,077
	Subtotal general plant	5,352,765	508,844	99,110	0	5,762,499
	Total electric plant in service	61,588,969	4,941,110	1,244,732	0	65,285,347

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

**Changes in reserve for depreciation:**

	<u>Begin Balance</u>	<u>Accrual</u>	<u>Original Cost</u>	<u>Removal Cost</u>	<u>Gain/Loss Salvage</u>	<u>Net Charge</u>	<u>End Balance</u>
Distribution plant	13,968,010	1,861,095	1,145,622	397,079	79,786	1,462,915	14,366,190
Land							
Structures and improvements	574,324	20,236	0				594,560
Office furn and eqt	383,361	68,945	21,038		6,434		437,702
Transportation	1,487,173	162,528	30,933				1,618,768
Tools, shop and garage	37,297	3,792	620				40,469
Laboratory	84,611	3,753	0				88,364
Power operated	174,221	8,135	44,390		5,510		143,476
Communication	188,208	1,035	0				189,243
Other tangible	86,347	1,747	929				87,165
Subtotal general plant	3,015,542	270,171	97,910	0	11,944	0	3,199,747
Retirement WIP	30,628			9,998		9,998	40,626
Total accumulated depreciation	16,952,924	2,131,266	1,243,532	387,081	91,730	1,452,917	17,525,311



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Depreciation Guideline Curve  
September 30, 2008

Year Ended	Distribution Plant in Service	Accumulated Deprec for Distribution	Reserve Ratio	Ratio of Current Distribution Plant to Distribution Plant 10 Years Prior
2007	57,121,645	14,011,008	24.53%	1.70
2006	53,009,201	13,619,517	25.69%	1.67
2005	49,117,159	12,927,532	26.32%	1.62
2004	47,129,966	12,130,707	25.74%	1.65
2003	45,113,445	11,516,123	25.53%	1.68
1997	33,574,906	9,627,976	28.68%	
1996	31,672,985	9,189,876	29.01%	
1995	30,300,418	8,691,845	28.69%	
1994	28,549,731	8,256,521	28.92%	
1993	26,847,222	7,767,831	28.93%	



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Analysis of Other Operating Taxes  
12 Months Ended  
September 30, 2008

Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts (d)	Amounts Accrued (e)	Amount Paid (f)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Franchise Fees					
	(c) Ad Valorem	467,113			467,113	401,300
	(d) Payroll (Employer's Portion)	113,307	62,432	28,309	204,048	244,255
	(e) Other Taxes	38,841			38,841	38,841
2.	Total Retail (L1(a) through L1(e))	619,261	62,432	28,309	710,002	684,396
3.	Other Jurisdictions					
	Total Per Books (L2 and L3)	619,261	62,432	28,309	710,002	684,396
Allocation of adjustment:						
580-588	Operations	94%	36,746			
920	Adminstrative and general	6%	2,345			
		<u>100%</u>	<u>39,091</u>			

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

Taxing District	Assessment for 2007 Taxes			Assessment for 2006 Taxes			Increase Decrease in Taxes
	Assessed Value	Tax Rate	Tax Due	Assessed Value	Tax Rate	Tax Due	
<b>Adair County</b>							
Tangible - County	175,919	0.1800	316.65	159,164	0.1662	264.53	52
Tangible - School	175,919	0.4450	782.84	159,164	0.4450	708.28	75
Tangible - Library	175,919	0.0783	137.74	159,164	0.0692	110.14	28
Tangible - Extension	175,919	0.0566	99.57	159,164	0.0521	82.92	17
Tangible - Health	175,919	0.0250	43.98	159,164	0.0250	39.79	4
Tangible - Ambulance	175,919	0.0410	72.13	159,164	0.0420	66.85	5
<b>Barren County</b>							
Real Estate - County	1,300,286	0.1350	1,755.39	1,085,928	0.1350	1,466.00	289
RE - Common School	14,420	0.5550	80.03	14,820	0.5450	80.77	(1)
RE - Caverna School	0		0.00	0	0.0000	0.00	0
RE - Glasgow Independent	1,285,866	0.6800	8,743.89	1,071,108	0.6640	7,112.16	1,632
Real Estate - Library	1,300,286	0.0290	377.08	1,085,928	0.0290	314.92	62
Real Estate - Extension	1,300,286	0.0160	208.05	1,085,928	0.0160	173.75	34
Tangible - County	14,582,348	0.1530	22,310.99	13,358,356	0.1530	20,438.28	1,873
Tangible - Common School	12,946,696	0.5550	71,854.16	11,980,971	0.5450	65,296.29	6,558
Tangible - Caverna Schools	105,041	0.6030	633.40	96,218	0.6090	585.97	47
Tangible - Glasgow Independen	1,530,611	0.6800	10,408.15	1,281,167	0.6640	8,506.95	1,901
Tangible - Library	14,582,348	0.0290	4,228.88	13,358,356	0.0254	3,393.02	836
Tangible - Extension	14,582,348	0.0160	2,333.18	13,358,356	0.0160	2,137.34	196
<b>Edmonson County</b>							
Tangible - County	110,145	0.1950	214.78	100,894	0.1950	196.74	18
Tangible - School	110,145	0.3920	431.77	100,894	0.3900	393.49	38
Tangible - Library	110,145	0.1435	158.06	100,894	0.1198	120.87	37
Tangible - Ambulance	110,145	0.1000	110.15	100,894	0.1000	100.89	9
page totals			125,300.87			111,589.96	13,710.91





Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

**Adjustment for Interest on Long Term Debt**

The adjustment for interest on long-term debt results in an increase of \$185,434.

The test year short term interest has been removed in the amount of \$126,287.

Farmers has been unable to advance loan funds from RUS until it files a rate application with the Kentucky PSC. Since RUS has not allowed Farmers to advance loan funds, the interest on the short term loans has been normalized with the long term debt.

This adjustment has been calculated by multiplying the test year end debt amounts by the interest rates in effect at the end of the test year for each loan. The additional amount is for short term loans that will be repaid when Farmers is allowed to advance long term funds from RUS.

RUS loans	423,224
FFB loans	1,106,996
CFC loans	<u>273,423</u>
Existing loans	1,803,643
Short term debt	<u>228,838</u>
	2,032,481
Test year interest expense	<u>1,847,047</u>
Adjustment	<u><u>185,434</u></u>

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Schedule of Outstanding Long-Term Debt  
September 30, 2008

Exhibit 5  
page 2 of 6  
Format 8a  
Schedule 2

Type of Debt Issued (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Amount (d)	Cost Rate to Maturity (g)	Annualized Cost Col (d)x(g) (j)	Test Year Interest Cost
<b>RUS loans</b>						
1B220	Mar-74	Mar-2009	19,402	5.000%	970	2,018
1B230	Feb-75	Jan-2010	46,442	5.000%	2,322	3,197
1B240	Nov-76	Nov-2011	167,095	5.000%	8,355	9,613
1B250	Apr-78	Apr-2013	360,431	5.000%	18,022	20,176
1B260	Feb-80	Feb-2015	509,719	5.000%	25,486	27,180
1B270	Apr-82	Mar-2017	675,611	5.000%	33,781	35,343
1B280	Feb-86	Feb-2021	435,381	5.000%	21,769	22,394
1B290	Dec-88	Dec-2023	893,379	5.000%	44,669	45,642
1B306	Jan-92	Dec-2026	1,700,862	5.000%	85,043	86,445
1B310	Aug-98	Aug-2033	1,981,928	5.120%	101,475	103,843
1B315	Jan-99	Jan-2034	1,075,120	4.500%	48,380	48,924
1B316	Aug-99	Aug-2034	799,816	4.120%	32,952	33,343
			<u>8,665,186</u>		<u>423,224</u>	<u>438,118</u>
<b>FFB loans</b>						
H0010	Jan-2001	Jan-2036	4,207,581	5.491%	236,814	238,801
H0015	Jan-2001	Jan-2036	413,183	5.617%	23,789	23,984
H0035	Aug-2003	Aug-2038	8,564,747	4.770%	418,752	422,002
H0040	Nov-2003	Nov-2038	2,863,241	4.353%	127,753	128,821
H0045	Feb-2004	Feb-2039	962,902	4.671%	46,102	46,466
H0050	Feb-2006	Feb-2041	962,990	4.587%	45,277	45,640
H0055	Oct-2006	Oct-2041	974,436	4.898%	48,921	49,292
H0060	Feb-2007	Feb-2042	978,117	4.929%	49,417	49,789
H0065	Apr-2007	Apr-2042	2,186,888	4.915%	110,173	111,574
			<u>22,114,085</u>		<u>1,106,996</u>	<u>1,116,369</u>
<b>CFC loans</b>						
9003	Jan-73	Jan-2008	0	7.00%	0	308
9004	Mar-74	Mar-2009	9,250	6.80%	629	1,276
9005	Feb-75	Feb-2010	25,221	6.75%	1,702	2,427
9006	Nov-76	Nov-2011	51,932	6.75%	3,505	4,176
9008	Apr-76	Apr-2011	184,509	6.75%	12,454	14,145
9011	Feb-80	Feb-2015	269,055	6.80%	18,296	20,211
9014	Apr-82	Mar-2017	344,109	6.80%	23,399	25,361
9015	Feb-86	Feb-2021	206,897	6.80%	14,069	15,003
9016	Dec-88	Dec-2023	415,184	6.80%	28,233	29,895
9017	Jan-92	Jan-2027	773,447	6.80%	52,594	55,434
9018	Apr-98	Apr-2033	1,743,245	6.80%	118,541	124,323
			<u>4,022,849</u>		<u>273,423</u>	<u>292,560</u>
Total long term debt and annualized cost			<u>34,802,120</u>		<u>1,803,643</u>	<u>1,847,047</u>
Annualized cost rate [Total Col. (j) / Total Col. (d)]					5.18%	
Actual test year cost rate [Total Col (k) / Total Reported in Col (d)]					5.31%	



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Schedule of Outstanding Long-Term Debt  
December 31, 2007

Exhibit 5  
page 3 of 6  
Format 8a  
Schedule 1

Type of Debt Issued (a)	Date of Issue (b)	Date of Maturity (c)	Outstanding Amount (d)	Cost Rate to Maturity (g)	Annualized Cost Col (d)x(g) (j)
<b>RUS loans</b>					
1B220	Mar-74	Mar-2009	19,402	5.000%	970
1B230	Feb-75	Jan-2010	46,442	5.000%	2,322
1B240	Nov-76	Nov-2011	167,095	5.000%	8,355
1B250	Apr-78	Apr-2013	360,431	5.000%	18,022
1B260	Feb-80	Feb-2015	509,719	5.000%	25,486
1B270	Apr-82	Mar-2017	675,611	5.000%	33,781
1B280	Feb-86	Feb-2021	435,381	5.000%	21,769
1B290	Dec-88	Dec-2023	893,379	5.000%	44,669
1B306	Jan-92	Dec-2026	1,700,862	5.000%	85,043
1B310	Aug-98	Aug-2033	1,981,928	5.120%	101,475
1B315	Jan-99	Jan-2034	1,075,120	4.500%	48,380
1B316	Aug-99	Aug-2034	799,816	4.120%	32,952
			8,665,186		423,224
<b>FFB loans</b>					
H0010	Jan-2001	Jan-2036	4,207,581	5.491%	236,814
H0015	Jan-2001	Jan-2036	413,183	5.617%	23,789
H0035	Aug-2003	Aug-2038	8,564,747	4.770%	418,752
H0040	Nov-2003	Nov-2038	2,863,241	4.353%	127,753
H0045	Feb-2004	Feb-2039	962,902	4.671%	46,102
H0050	Feb-2006	Feb-2041	962,990	4.587%	45,277
H0055	Oct-2006	Oct-2041	974,436	4.898%	48,921
H0060	Feb-2007	Feb-2042	978,117	4.929%	49,417
H0065	Apr-2007	Apr-2042	2,186,888	4.915%	110,173
			22,114,085		1,106,996
<b>CFC loans</b>					
9003	Jan-73	Jan-2008	0	7.00%	0
9004	Mar-74	Mar-2009	9,250	6.80%	629
9005	Feb-75	Feb-2010	25,221	6.75%	1,702
9006	Nov-76	Nov-2011	51,932	6.75%	3,505
9008	Apr-76	Apr-2011	184,509	6.75%	12,454
9011	Feb-80	Feb-2015	269,055	6.80%	18,296
9014	Apr-82	Mar-2017	344,109	6.80%	23,399
9015	Feb-86	Feb-2021	206,897	6.80%	14,069
9016	Dec-88	Dec-2023	415,184	6.80%	28,233
9017	Jan-92	Jan-2027	773,447	6.80%	52,594
9018	Apr-98	Apr-2033	1,743,245	6.80%	118,541
			4,022,849		273,423
Total long term debt and annualized cost			34,802,120		1,803,643
Annualized cost rate [Total Col. (j) / Total Col. (d)]					5.18%
Actual test year cost rate [Total Col (k) / Total Reported in Col (d)]					

1 Farmers Rural Electric Cooperative  
2 Case No. 2008-00030  
3 Schedule of Short Term Debt  
4 September 30, 2008  
5  
6

Exhibit 5  
page 4 of 6  
Format 8b

7 **Adjustment for Short Term Interest**  
8

9 This adjustment is to remove interest on short term borrowings. It is presumed  
10 that the short term borrowings will be repaid as a result of additional revenues  
11 generated from this Application.  
12  
13  
14

15	Type of	Date of	Date of	Amount	Interest	Annualized
16	Debt	Issue	Maturity	Outstanding	Rate	Cost
17	<u>Instrument</u>	<u>Issue</u>	<u>Maturity</u>	<u>Outstanding</u>	<u>Rate</u>	<u>Cost</u>
18	(a)	(b)	(c)	(d)	(e)	(f)
19						
20	CFC	09/26/2007	03/26/2009	\$4,817,646	4.75%	\$228,838
21						
22	Annualized cost rate [Total col. (f) / Total col. (d)]					4.75%
23						
24	Actual interest paid, or accrued on Short Term					
25	Debt during the Test Year					\$126,287
26						
27						
28						
29						
30						
31						



Ex-1-5  
5 of 6

United States Department of Agriculture  
Rural Development

OCT 21 2008

Mr. William T. Prather  
President & CEO  
Farmers Rural Electric Cooperative  
Corporation  
P.O. Box 1298  
Glasgow, Kentucky 42142-1298

RECEIVED  
OCT 24 2008  
BY: g

Dear Mr. Prather:

This letter is in response to your letter dated September 25, 2008, requesting a waiver of the special condition placed on the advance of funds from the FFB Guaranteed Loan made to Farmers Rural Electric Cooperative Corporation (Farmers) on June 18, 2008. We regret that at this time we are unable to recommend a waiver of the special condition requiring Farmers to file an application for a rate increase with the Kentucky Public Service Commission (KPSC).

We understand that it is your intention to file your rate case with the KPSC no later than January 2, 2009. When Farmers' case has been filed, please provide this office with evidence of the filing; we will then be able to recommend that the first portion of the "AR8" loan funds, in the amount of \$8,701,000, be made available for Farmers.

Sincerely,

JOSEPH S. BADIN  
Director  
Northern Regional Division  
Electric Programs

1400 Independence Ave. S.W. Washington DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights,  
1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).



Exh 5  
6 of 6

Farmers Rural Electric Cooperative Corporation

504 South Broadway, Glasgow, KY 42141 • P.O. Box 1298, Glasgow, KY 42142-1298 • (270) 651-2191 • FAX (270) 651-7332

September 25, 2008

Mr. James Andrew  
Administrator  
Rural Utilities Service  
U. S. Department of Agriculture  
1400 Independence Ave., SW  
Washington, DC 20250-1500

Dear Mr. Andrew;

In April 2007, Farmers Rural Electric submitted a loan application to RUS. We discussed the need for a rate increase for the Cooperative with Mike Norman, Field Representative for Kentucky. In the process we further discussed the loan with Brian Jenkins and Bill Frost and indicated that our plan was to ask for the first draw on the loan before we filed the rate case in order to be able to include the interest expense in the test year.

Farmers notified the Kentucky Public Service Commission on January 22, 2008 that we would be filing a rate increase on June 1, 2008. We had an informal conference with the Commission on July 2, 2008 and discussed our desire to not file until later in the year. The general consensus in the conference was that we should include in the rate case the expense of the first draw on the loan. We assumed that we would have the first draw and that we could cut the test year off on August 31, 2008 and file the rate case in September.

We received notice that the loan was approved on August 15, 2008. The cover letter didn't mention any restrictions and we returned the loan documents on August 22, 2008. On September 23, 2008 we learned that the loan included a restriction whereas we could not make a draw until the rate case was actually filed. We understand the restriction is actually in the loan documents even though we failed to see it.

We respectfully request that this restriction be waived for a draw of \$7,000,000. We have hired a consultant and have started gathering financial information for the rate case. Enclosed is a copy of the Letter of Intent filed with the Kentucky Public Service Commission and information from the informal conference we had with them. The rate case will be filed no later than January 2, 2009.

Sincerely;

A handwritten signature in cursive script that reads 'William T. Prather'.

William T. Prather  
President & CEO

Enclosures

[www.farmersrecc.com](http://www.farmersrecc.com)

A Touchstone Energy\* Cooperative The logo for Touchstone Energy, featuring a stylized 'T' inside a circle.



Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

**Financial Accounting Standard No. 106**  
**Employer's Accounting for Postretirement Benefits**

Farmers has included its study for SFAS No. 106 as of January 1, 2008. The directors for Farmers are not covered by the plan.

	<u>Total</u>
Proposed annual cost	32,654
Test year accrual	<u>0</u>
Proposed adjustment	<u><u>32,654</u></u>

The adjustment is allocated as follows:

	<u>Percent</u>	<u>Amount</u>
107 Capitalized	25.56%	\$8,346
163 - 416 Clearing and others	11.59%	3,785
580 Operations	15.53%	5,070
590 Maintenance	16.30%	5,322
901 Consumer accounts	12.94%	4,225
908 Customer service	2.42%	789
912 Sales	0.00%	0
920 Administrative and general	15.67%	<u>5,117</u>
	<u>100.00%</u>	<u>\$32,654</u>

Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
September 30, 2008

**Financial Accounting Standard No. 106  
Employer's Accounting for Postretirement Benefits**

Farmers Rural Electric Rural Electric implemented Statement of  
Financial Accounting Standard No. 106 (SFAS 106) as of January 1, 2008.

The journal entry to record the expense for the initial year of 2008 is as  
follows:

	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Accum Other Comprehensive Income	209.00	200,938	
Accumulated provision for pensions and benefits	228.30		200,938

The updated study has been included with this response.

**ALAN M. ZUMSTEIN**  
**CERTIFIED PUBLIC ACCOUNTANT**

Exh 6  
3 of 9

1032 CHETFORD DRIVE  
LEXINGTON, KENTUCKY 40509  
(859) 264-7147

**MEMBER:**

- AMERICAN INSTITUTE OF CPA'S
- INDIANA SOCIETY OF CPA'S
- KENTUCKY SOCIETY OF CPA'S
- AICPA DIVISION FOR FIRMS
- TENNESSEE STATE BOARD OF ACCOUNTANCY

June 20, 2008

H. Wayne Davis, VP, Finance & CFO  
Farmers Rural Electric Cooperative  
504 South Broadway  
Glasgow, Kentucky 42141

Dear Wayne:

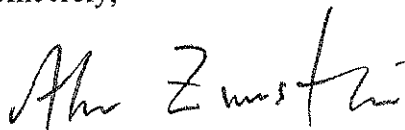
Please find enclosed the actuarial valuation results as of January 1, 2008 for Financial Accounting Standard No. 106 - Employers' Accounting for Postretirement Benefits Other than Pensions.

The annual accrual for 2008 should be \$32,654 starting when you receive this.

The accrual for 2008 includes current service and interest costs, amortization of the transition obligation and amortization of actuarial gains and losses. There are presently no retirees included in the study.

If you have any questions or would like to discuss these results, please give me a call.

Sincerely,



Alan M. Zumstein



Farmers Rural Electric Cooperative  
Medical Insurance Premiums

SFAS 106 Obligation as of January 1, 2008

	<u>Total</u>
A. Accumulated Postretirement Benefit Obligations (APBO) as of January 1, 2008	
1. Actives not yet eligible	\$186,854
2. Actives fully eligible	14,084
3. Retirees and dependents	<u>0</u>
4. Total APBO	200,938
B. Future accruals	<u>197,368</u>
C. Total Expected Postretirement Benefit Obligations (EPBO) (A4 + B)	<u><u>\$398,306</u></u>
D. Reconciliation of Funded Status	January 1, 2008
1. Accrued Postretirement Benefit Cost	\$0
2. Assets	<u>0</u>
3. Funded Status = (D1 + D2)	0
4. Unrecognized Transition Obligation	200,938
5. Unrecognized (Gain) / Loss	0
6. Unrecognized Prior Service Cost	0
7. APBO	<u>0</u>
(D3 + D4 + D5 + D6)	<u><u>\$200,938</u></u>

Farmers Rural Electric Cooperative  
Medical Insurance Premiums

SFAS 106 Obligation as of January 1, 2008

A.	Accrued Postretirement Benefit Cost	
1.	Balance January 1, 2008	0
2.	Accrual for 2008	32,654
3.	Payout for 2008	<u>0</u>
4.	Balance December 31, 2008	32,654
5.	Accrual for 2009	32,654
6.	Estimated payout for 2009	<u>0</u>
7.	Estimated balance December 31, 2009	<u><u>65,308</u></u>

**Farmers Rural Electric Cooperative**  
**Medical Insurance Premiums**

**SFAS 106 Obligation as of January 1, 2008**

**FAS 106 Expense Components**

1. Service cost	\$8,811
2. Interest cost	13,796
3. Expected return on assets	-
4. Amortization of transition obligation	10,047
5. Amortization of actuarial (gain) / loss	<u>-</u>
6. Total FAS 106 expense	<u><u>\$32,654</u></u>
7. Expected pay-as-you-go expense	<u><u>\$0</u></u>

**Farmers Rural Electric Cooperative  
Medical Insurance Premiums**

**SFAS 106 Obligation as of January 1, 2008**

**Alternate assumptions:**

Impact on obligations and expense of a  
health care cost trend increase of 1%

	Current <u>Plan</u>	Alternate <u>Assumptions</u>	<u>% Change</u>
APBO	200,938	220,000	9.5%
EPBO	398,306	437,000	9.7%
SFAS 106 Expense	32,654	36,000	10.2%

Payments for the next five (5) years are as follows:

2009	0
2010	3,836
2011	8,248
2012	10,309
2013	13,176

# Farmers Rural Electric Cooperative

## SFAS 106 Assumptions

E+L 6  
8 of 9

### Covered Groups

All eligible employees.

### Eligibility

Employees who elect to retire between the ages of 62 and 65, and who have completed 15 or more years of employment with the cooperative.

### Spouse

A spouse may be covered if the retiring employee so desires, with the cost of the premium being the sole responsibility of the retiree.

### Medicare

At age 65 retirees will commence with Medicare coverage.

### Contributions

If the employee chooses to retire between the ages of 62 and 65, the Cooperative will pay a pro-rata portion of the eligible retiree's insurance premium, based upon the ratio of that employee's number of years of employment has to 30 years.

### Life Expectancies

Per annuity tables female employees can expect to live until age 78.2 and male employees can expect to live until age 73.8.

### Retirement and withdrawals

Estimate that employees will retire at age 62 and will be replaced in the normal course of business.

### Terminations

Rates vary by attained age for employees. Sample rates are as follows:

<u>Age</u>	<u>Rate</u>	<u>No. of Employees</u>
20	15%	7
30	7%	10
40	3%	17
50	1%	24
60	0%	<u>8</u>
		<u>66</u>

# Farmers Rural Electric Cooperative

## FAS 106 Assumptions

### Dependents and future retirees

Presently 60% of retirees have dependent coverage.

### Discount rate

6.5% per year.

### Medical inflation rate

8.0% per year in 2008 decreasing by 0.5% per year until level at 5.5% per year.

### Computations of policy premiums

	Under
Monthly premiums	<u>age 65</u>
Single coverage	\$592.00

### Eligibility classes

Based on employees and retirees as of December 31, 2008:

	<u>Employees</u>
Actives not fully eligible	63
Actives fully eligible	3
Retirees and dependents	<u>0</u>
Total	<u>66</u>



Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Retirement and Security

Farmers Rural Electric provides pension benefits for substantially all employees through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security (R & S) Program. It is the policy of Farmers Rural Electric to fund pension costs accrued. R & S contributions are based on base salary at a rate determined by NRECA.

The rate for 2008 was 15.93% of base wages. For the 2009, the rate is 17.83%. The adjustment is to normalize the R & S contributions using the rate for 2009 and normalized base wages for full-time salary and hourly employees.

Normalized base wages	
Salary employees	634,795
Hourly employees	2,169,149
Employees Quasi Retired with no contributions to the R&S plan #113; #125	<u>(129,391)</u>
	2,674,553
Contribution rate for 2008	<u>17.83%</u>
Proposed contribution cost	476,873
Test year R & S contributions	<u>381,542</u>
Proposed adjustment	<u><u>95,331</u></u>


The adjustment is allocated as follows:

Adjustment:	Percent	Amount
107 Capitalized	25.56%	24,364
163 - 416 Clearing and others	11.59%	11,050
580 Operations	15.53%	14,801
590 Maintenance	16.30%	15,538
901 Consumer accounts	12.94%	12,334
908 Customer service	2.42%	2,303
912 Sales	0.00%	0
920 Administrative and general	15.67%	14,940
	<u>100.00%</u>	<u>\$95,331</u>





**National Rural Electric  
Cooperative Association**

A Touchstone Energy\* Cooperative 

COPY

Exh 7  
2 of 3

Date: August 4, 2008  
To: General Manager  
Cc: Benefits Administrator  
From: Scott Spencer, Senior Vice President, NRECA Insurance & Financial Services  
RE: **Retirement Security Plan Contribution Rates For 2009**

Enclosed you will find your system's Retirement Security (RS) Plan contribution rate for 2009. The new rate, shown at the bottom of the System Cost column, will apply for the plan year beginning January 1, 2009, unless your Board of Directors amends your current plan.\*

The enclosed sheet also shows your contribution rate history from 1990. In addition, it shows rates from moratorium years when systems were not billed for contributions.

Base contribution rates for the RS Plan will increase by 11 percent for 2009. This is greater than the increases of recent years. The base rate increase is due to several factors. These include investment returns that were lower than plan assumptions, salary increases that were higher than plan assumptions, and a low interest rate environment, all of which increase plan costs. Additionally, your contribution rate will have another adjustment if the average age of your system has changed.

While NRECA realizes that a rate increase is a challenge for some members to incorporate into their budgets, we also hope that you will take a few moments to consider the value of the pension plan you are offering to your employees. The RS Plan remains strongly funded and well managed—qualities that will allow the Plan to provide retirement security to future generations of electric cooperative employees.

The 2009 contributions will be collected through the monthly self-bill process for the entire year at the full contribution rate. All annual installments that are due for past service liability costs will be collected in January 2009.

Thank you for your continued confidence in NRECA and in the Retirement Security Plan to provide these important benefits for your employees. If you have any questions or need additional information, please contact your field representative or the Member Contact Center at 866.673.2299 or via e-mail at [contactcenter@nreca.coop](mailto:contactcenter@nreca.coop).

Enclosure

\*Your contribution cost is applied as a percentage of each participant's annualized base rate of pay in effect on November 15, 2008, which is that participant's effective salary for the 2009 plan year. Beginning with your January 2009 monthly statement, the estimated amount due will be based on this percentage.



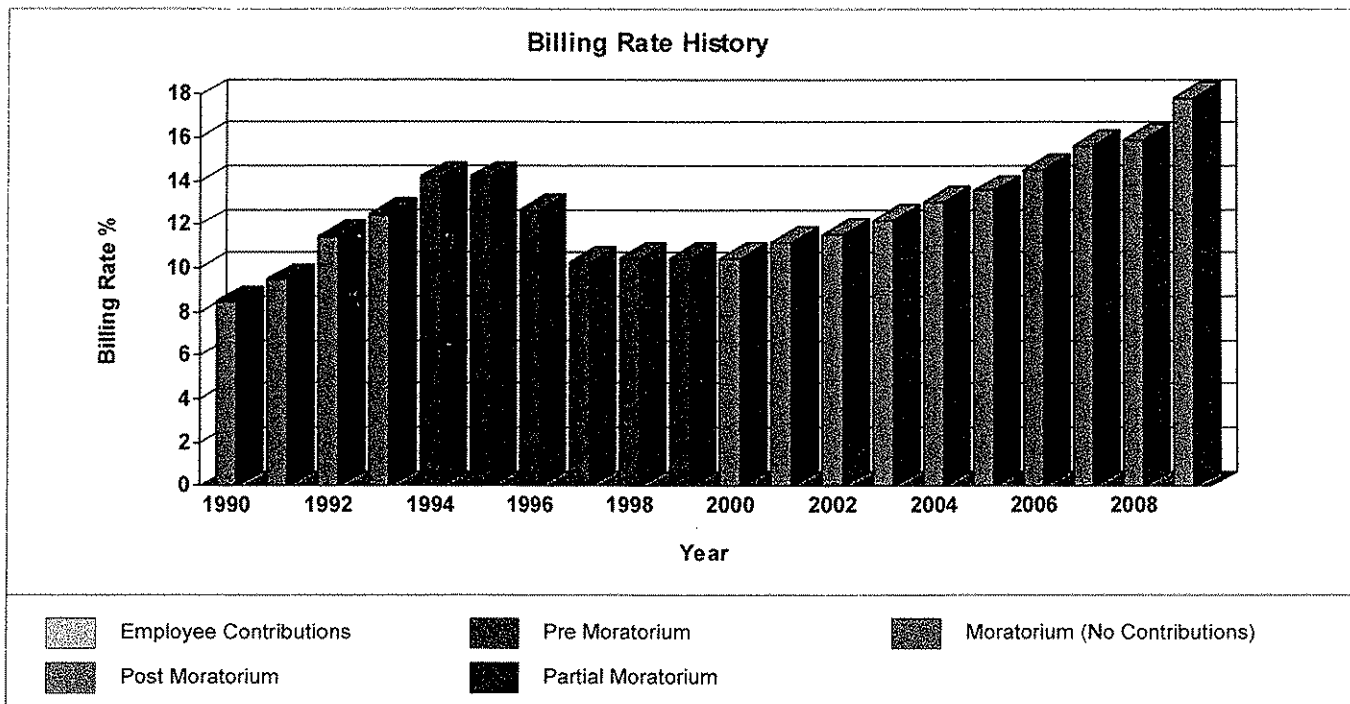


# NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

## Retirement and Security Program

<b>System #:</b> 01-18034-001	<b>Plan ID:</b> RNR01A
<b>Name:</b> FARMERS RECC	

Year	Benefit Level	System Cost	Employee Contribution	Plan	COLA	Average Age	100% Death Benefit	Salary Type
1990	1.70	8.50	0.00	62	No	41	No	BS
1991	1.70	9.50	0.00	62	No	41	No	BS
1992	1.70	11.50	0.00	62	No	42	No	BS
1993	1.70	12.50	0.00	62	No	43	No	BS
1994	1.70	14.21	0.00	62	No	44	No	BS
1995	1.70	14.21	0.00	62	No	44	No	BS
1996	1.70	12.72	0.00	62	No	44	No	BS
1997	1.70	10.28	0.00	62	No	45	No	BS
1998	1.70	10.47	0.00	62	No	44	No	BS
1999	1.70	10.47	0.00	62	No	44	No	BS
2000	1.70	10.47	0.00	62	No	44	No	BS
2001	1.70	11.22	0.00	62	No	44	No	BS
2002	1.70	11.61	0.00	62	No	45	No	BS
2003	1.70	12.19	0.00	62	No	45	No	BS
2004	1.70	13.08	0.00	62	No	46	No	BS
2005	1.70	13.56	0.00	62	No	45	No	BS
2006	1.70	14.50	0.00	62	No	46	No	BS
2007	1.70	15.61	0.00	62	No	47	No	BS
2008	1.70	15.93	0.00	62	No	47	No	BS
2009	1.70	17.83	0.00	62	No	48	No	BS



**Note:** Rates are for the plan in effect as of January 1 for each year.



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Farmers Rural Electric Cooperative  
Case No. 2008-00030  
**Adjustment for Donations**  
September 30, 2008

Donations are removed for rate making purposes. The adjustment to remove the donations is as below.

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Account 426 - Other Income Deductions  
September 30, 2008

Line No. <hr/>	Item (a)	Amount (b)
1.	Donations	4,782
2.	Civic activities	
3.	Political activities	
4.	Other	<hr/> 2,075
5.	Total	<hr/> <hr/> 6,857

## Farmers Rural Electric Cooperative

Case No. 2008-00030

Donations Account 426.00

September 30, 2008

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
07/21/08	16308	Edmonton Metcalfe Chamber	250.00	x Donation
05/13/08	15770	KAEC	935.08	x Ky Chamber dues
01/23/08	14907	KAEC	1,496.88	x Ky 4-H contribution
02/04/08	15043	Mammoth Cave Farm Safety	500.00	x Donation
12/31/07	14767	United Way of So Ky	250.00	x Donation
04/21/08	15574	Barren Co Rescue Squad	500.00	x Donation
var	var	less than \$250 ea.	1,425.00	x Donations
		CFC	1,500.00	Integrity Fund
			<u>6,856.96</u>	
		Remove for rate making	<u>5,356.96</u>	x



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Professional Services  
September 30, 2008

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Hours &amp; Bill Rate</u>	<u>Amount</u>	<u>Description</u>
<b>Legal</b>					
<b>Richardson, Gardner, Barrikman &amp; Alexander</b>					
11/02/07	14419			250.00	Monthly retainer
			@ \$125 / hr	420.00	Quality Inn approx 3 hrs Lee vs. FRECC approx 1 hr various others
12/05/07	14631			100.00	x Christmas gift
12/06/07	14655			250.00	Monthly retainer
				400.00	x KAEC annual mtg
			@ \$125 / hr	2,189.95	Lee vs. FRECC approx 10 hr Maloney case approx 6 hrs various others
01/03/08	14812			250.00	Monthly retainer
			@ \$125 / hr	173.75	White case approx 1.3 hrs various others
01/07/08	14840	Visa		202.90	x KAEC annual mtg
02/05/08	15070			250.00	Monthly retainer
			@ \$125 / hr	487.50	11 different issues approx 4 hrs
03/05/08	15259			250.00	Monthly retainer
			@ \$125 / hr	646.80	Myers case approx 3 hrs various others
04/03/08	15488			250.00	Monthly retainer
			@ \$125 / hr	1,255.30	Myers case approx 7 hrs various others
05/05/08	15700			250.00	Monthly retainer
			@ \$125 / hr	256.25	Pole yard 1 hr BRADD vs FRECC approx 1 hr various others
06/10/08	15986			250.00	Monthly retainer
			@ \$125 / hr	831.25	various others
07/03/08	16204			250.00	Monthly retainer
			@ \$125 / hr	100.00	various others
08/05/08	16440			250.00	Monthly retainer
			@ \$125 / hr	93.75	various others
09/04/08	16678			250.00	Monthly retainer
			@ \$125 / hr	457.25	RUS loan approx 2 hrs
				600.00	x Special mtg re: propane
10/02/08	16912			250.00	Monthly retainer
			@ \$125 / hr	45.00	various others
var	var	NRECA		268.95	x Life insurance



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Professional Services  
September 30, 2008

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Hours &amp; Bill Rate</u>	<u>Amount</u>	<u>Description</u>
<b>Gilbert L Hamberg, Attorney at Law</b>					
10/17/07	14291		@ \$280 / hr	84.00	Bankruptcy advice
11/12/07	14472		"	56.00	" "
12/13/07	14694		"	224.00	" "
01/16/08	14885		"	56.00	" "
02/05/08	15073		"	364.00	" "
03/17/08	15305		"	56.00	" "
04/14/08	15536		"	28.00	" "
<b>Other</b>					
03/13/08	15290	Commence Logic, LLC		825.00	Web page commence development
05/12/08	15754	Commence Logic, LLC		3,255.00	Web page, develop, train & maintain
05/16/08	15798	Commence Logic, LLC		240.00	SSL certification
06/18/08	16025	Commence Logic, LLC		560.00	Php develop & maintain web page
07/14/08	16262	Mary C. Garmon		6,660.00	Teamwork, Communication, and leadership training thru WKU
09/23/08	16763	Jim Adkins		738.00	Board presentation re: rates
03/29/08	15388	Campbell, Myers & Rutledge, I		14,600.00	Annual audit
				<u>39,274.65</u>	
		Disallow for rate making purposes		<u>1,571.85</u>	x

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
**Professional Services**  
September 30, 2008

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<u>Line</u>		<u>Rate</u>	<u>Annual</u>		
<u>Number</u>	<u>Item</u>	<u>Case</u>	<u>Audit</u>	<u>Other</u>	<u>Total</u>
1	Legal			12,397	12,397
2	Engineering				0
3	Accounting		14,600	738	15,338
4	Other			11,540	11,540
5	Total	0	14,600	24,675	39,275

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Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Professional Services

**Legal**

The attorney is paid a monthly retainer for work performed during the month, as well as, attending each monthly Board of Directors meeting. Expenses are also paid for attending legal seminars for Cooperative business.

Other legal services are provided as needed.

Attached is the Board policy on Attorney compensation.

**Accounting and Auditing**

Attached is a copy of the audit agreement for the latest audit as of December 31, 2007, which was performed by Cambell, Myers & Rutledge, PLLC.

# FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

## POLICY NO. 151

### FUNCTIONS AND COMPENSATION OF COOPERATIVE ATTORNEY

#### I. POLICY

The Board of Directors shall select and the Cooperative shall maintain a continuing relationship with a competent attorney to provide the Cooperative with sound and timely general legal guidance and counsel in order to ensure maximum protection of the legal rights of the Cooperative and to maintain its operations within the limits prescribed by law.

#### II. PROVISIONS

##### A. Functions

The services required of the attorney will vary in nature and extent according to the conditions and problems that arise. These services can be divided into routine and special services.

##### 1. Routine Services

- a. Attendance at regular and special Board meetings, or meetings of committees of the Board, when requested by the Board or President and CEO.
- b. Review of the minutes and proceedings of all regular and special Board meetings to check conformity with the Bylaws and applicable state and federal laws and regulations.
- c. Review of the minutes, resolutions, notice of meetings, and proceedings of the annual meeting of the members, or of special meetings of the members, and attending such meetings to be available for consultation and participation if events warrant.
- d. Review and legal approval of standard contracts and other standard documents as to form, substance, and execution.
- e. Advice, consultation, and correspondence concerning

miscellaneous legal matters of a minor nature not requiring an unusual amount of time, study, and attention.

- f. Attendance at association meetings pertaining to the activities of the Cooperative where special services are not required and the choice of attending is left to the discretion of the attorney.

2. Special Services

- a. Review and legal approval of special contracts and other special documents as to form, substance, and execution.
- b. Preparation and legal review of documents and matters pertaining to the disposition or acquisition of real property and interests in real property.
- c. Preparation and legal review of documents and matters pertaining to loans and mortgages.
- d. Representation of the Cooperative in state or federal court, or before a local, state, or federal agency.
- e. Collection activities regarding money owed to the Cooperative when specifically requested to do so by the Board or President and CEO.
- f. Special requests from the Board or President and CEO for actions, opinions, or advice that require considerable time, study, and research.
- g. All types of legal proceedings, other than those of a minor and routine nature, and those under the direction of the legal department of the Cooperative's insurance carrier.
- h. Attendance at association meetings pertaining to the legal responsibilities and concerns of the Cooperative when specifically required by the Board or President and CEO.

B. Compensation

- 1. Routine services shall be compensated for and included in the

E+L 9  
7 of 11

monthly retainer fee as agreed upon from time to time by the Board of Directors and the attorney with the following exceptions:

- a. The attorney shall be compensated and reimbursed for attendance at special Board meetings, or meetings of committees of the Board, in the same manner as members of the Board of Directors.
  - b. The attorney shall be compensated and reimbursed for voluntary attendance at association meetings pertaining to the activities of the Cooperative in the same manner as members of the Board of Directors.
2. Special services as described above shall be compensated for at the hourly rate as contractually agreed upon from time to time by the Board of Directors and the attorney.
  3. The Cooperative shall reimburse the attorney for all reasonable and legitimate expenses incurred and associated with representation of the Cooperative.

III. RESPONSIBILITY

The Board of Directors and the President and CEO shall be responsible for the administration of this policy.

EFFECTIVE DATE: January 16, 2003

REVISED DATE:

# CAMPBELL, MYERS & RUTLEDGE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

E+L 9  
L-1  
8 of 11

SKIP R. CAMPBELL, CPA  
CHARLES E. RUTLEDGE, CPA  
CINDY L. GREER, CPA  
L. JOE RUTLEDGE, CPA  
JONATHAN W. BELCHER, CPA

410 SOUTH BROADWAY  
GLASGOW, KENTUCKY 42141  
TELEPHONE 270/651-2163  
270/651-9282  
FAX 270/651-6677

WILLIAM E. MYERS, CPA  
R. BRENT BILLINGSLEY, CPA  
MELANIE R. REED, CPA

December 12, 2007

Mr. Bill Prather  
President and CEO  
Farmers Rural Electric Cooperative Corporation  
Glasgow, Kentucky 42141

We are pleased to confirm our understanding of the services we are to provide Farmers Rural Electric Cooperative Corporation for the year ended December 31, 2007. We will audit the consolidated balance sheet of Farmers Rural Electric Cooperative Corporation, and the related consolidated statements of revenue and patronage capital and cash flows, as of and for the year ended December 31, 2007.

Supplementary information other than RSI, such as combining and individual fund financial statements, accompanies Farmers Rural Electric Cooperative Corporation's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements:

- 1) Consolidating Balance Sheet
- 2) Consolidating Statement of Income

## **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Farmers Rural Electric Cooperative Corporation and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that Farmers Rural Electric Cooperative Corporation is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

## **Management Responsibilities**

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Farmers Rural Electric Cooperative Corporation and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

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You are responsible for management decisions and functions. As part of the audit, we will prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.



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### **Audit Procedures—Internal Controls**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Farmers Rural Electric Cooperative Corporation's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### **Audit Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

In accordance with the requirements of the Rural Utilities Service (RUS), we assure you of the following:

The audit is being performed as a requirement of the RUS security instrument and any violation of RUS audit requirements shall place the RUS borrower in technical default of the RUS security instrument.

The Accountant's Report will be signed by Campbell, Myers & Rutledge. Campbell, Myers & Rutledge is a firm of certified public accountants in good professional standing with the state licensing board.

Campbell, Myers & Rutledge will comply with generally accepted government auditing standards, the rules and regulations of professional conduct promulgated by the accountancy board of the state in which the Corporation is located and the Code of Professional Ethics of the American Institute of Certified Public Accountants.

Campbell, Myers & Rutledge is independent as defined and interpreted by the Professional Ethics Division of the American Institute of Certified Public Accountants and as defined by 7 CFR 1773.4(b).

Campbell, Myers & Rutledge belongs to an approved peer review program (Private Companies Practice Section) and has received an unqualified opinion within three years of "as of" date of the audit.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2005 peer review report accompanies this letter.

Campbell, Myers & Rutledge is a member of the American Institute of Certified Public Accountants and, accordingly, will comply with the Professional Standards (generally accepted auditing standards) and the *Code of Professional Ethics*.

The audit will be performed and the Auditor's Report, report on compliance and on internal controls over financial reporting and management letter will be prepared in accordance with requirements of the Rural Utilities Service.

The Auditor's Report, report on compliance and on internal controls over financial reporting, and management letter with copies for transmittal to the Rural Utilities Service and supplemental lenders will be submitted to the board of directors within 90 days of the "as of" date of the audit.

Documentation and evidence of audit work performed will be prepared in accordance with the professional standards of the American Institute of Certified Public Accountants and the Rural Utilities Service

requirements. The workpapers for this engagement are the property of Campbell, Myers & Rutledge and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to RUS, OIG, or GAO for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Campbell, Myers & Rutledge personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Campbell, Myers & Rutledge will follow the requirements of reporting irregularities and illegal acts outlined in 7 CFR 1773.7.

Campbell, Myers & Rutledge has attached to this letter a duly executed certification as required pursuant to the provisions of Executive Orders 12549 and 12689, Debarment and Suspension.

Campbell, Myers & Rutledge will report audit findings to the board of directors as required by 7 CFR 1773.25(b).

We will provide copies of our reports to the Corporation; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the RUS, OIG, or GAO. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately February 1, 2008 and to issue our reports no later than March 31, 2008. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$14,600. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Preparation of or assistance with any required income tax returns or any other additional audit procedures required by F.E.M.A. or other governmental agencies will be billed at our standard hourly rates.

We appreciate the opportunity to be of service to Farmers Rural Electric Cooperative Corporation and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of Farmers Rural Electric Cooperative Corporation.

By: *William J. Patten*

Title: President and CEO

By: *H. Wayne Davis*

Title: Chief Financial Officer



## Farmers Rural Electric Cooperative

Case No. 2008-00030

## Adjustment for Director expenses

September 30, 2008

Certain expenses are generally disallowed for rate making purposes that are incurred for, and on behalf of, Directors of an electric cooperative. Farmers has made this adjustment to recognize those expenses as follows:

## KAEC annual meeting for non-representative:

Randy Sexton	662.81
C.F. Martin	545.82
Neil Pendencygraft	656.69

## Per diems:

All directors	9,400.00
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## Special non recurring meeting:

Randy Sexton	321.65
Freddie Button	312.87
Paul Hawkins	332.83
Randy London	311.12
C.F. Martin	324.57
Neil Pendencygraft	307.02
Ronnie Smith	326.91

## Congressional Conference:

Randy Sexton, breakfast	188.44
Paul Hawkins, breakfast	63.20
Randy London	1,267.88
Neil Pendencygraft	1,273.94

## General expenses for all employees

Health and life insurance	58,321.39
Christmas gift	600.00
Chamber of Commerce	250.00

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75,467.14

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Name of Board Members  
September 30, 2008

**Chariman**

Randy Sexton                      400 Silver Charm Ln                      Edmonton, KY 42129

**Vice Chariman**

Freddie Button                      990 Tobacco Rd                      Glasgow, KY 42141

**Secretary-Treasurer**

Paul Hawkins                      7925 Cub Run Hwy                      Munfordville, KY 42765

Randy London                      1790 Goodnight Hiseville Rd                      Horse Cave, KY 42127

C.F. Martin, Jr.                      6489 Bunnell Crossing                      Hardyville, KY 42746

Neil Pendencygraft                      492 J.E. Sommons Rd                      Glasgow, KY 42141

Ronnie Smith                      1749 Node Rd                      Center, KY 42214

Fraser Hodges, retired and replaced by Ronnie Smith in November 2007

**East Kentucky Power Cooperative representative**

Randy Sexton

**KAEC representative**

Freddie Button

**NRECA representative**

Freddie Button

Paul Hawkins, Alternate

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Director Fees and Expenses  
September 30, 2008

Exhibit 10  
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Witness: Alan Zumstein

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	Regular Board Mtg	Other Board Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Insurance	Misc Expenses	Total
Randy Sexton	3,400	450	1,400	742	0	1,675	2,463	354	0	100	10,584
Freddie Button	3,400	450	2,400	1,542	206	2,075	1,887	733	0	100	12,794
Paul Hawkins	3,400	450	1,400	793	468	1,420	445	279	0	100	8,755
Randy London	3,400	450	1,600	404	262	1,370	1,370	224	0	100	9,180
C.F. Martin	3,400	450	400	382	0	0	290	177	0	100	5,199
Neil Pendygraft	3,100	950	2,200	688	853	420	2,367	399	0	100	11,077
Ronnie Smith	2,100	300	0	197	0	0	0	0	0	0	2,597
Fraser Hodges	400	0	0	23	0	0	0	0	0	0	423
General expenses	0	0	0	0	0	0	0	0	58,321	250	58,571
<b>Total</b>	<b>22,600</b>	<b>3,500</b>	<b>9,400</b>	<b>4,772</b>	<b>1,789</b>	<b>6,960</b>	<b>8,822</b>	<b>2,165</b>	<b>58,321</b>	<b>850</b>	<b>119,179</b>



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Freddie Button

Exhibit 10  
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Witness: Alan Zumstein

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Misc Expense	Total
10/12/07	14258			200.00			10.67							210.67
10/12/07	14258		Strategic planning		150.00		10.67							160.67
10/29/07	14407	Visa	KAEC mtg								20.47			20.47
11/09/07	14456			200.00			10.67							210.67
11/13/07	14475		NRECA Dir Seminar			600.00	577.15							1,177.15
11/30/07	14612	Visa	KAEC Strategic Planning								24.43			24.43
11/30/07	14612	Visa	NRECA Dir conf								151.13			151.13
12/05/07	14614		Christmas gift										100.00	100.00 x
12/13/07	14707		KAEC annual mtg			200.00	120.70							320.70
12/13/07	14707			300.00			10.67							310.67
12/21/07	14744	Visa	NRECA Dir conf							153.44				153.44
01/07/08	14840	Visa	NRECA annual mtg					206.30						206.30
01/07/08	14840	Visa	KAEC annual mtg							356.54	20.00			376.54
01/10/08	14860			300.00			10.67							310.67
01/23/08	14907	KAEC	KAEC annual mtg								176.75			176.75
01/28/08	14984	NRECA	Annual mtg						500.00					500.00
02/14/08	15105			300.00			11.11							311.11
02/29/08	15220	Wm Prather	NRECA annual mtg								33.33			33.33
03/13/08	15283			300.00			11.11							311.11
04/03/08	15474	Visa	NRECA annual mtg							437.31	121.61			558.92
04/14/08	15528			300.00			11.11							311.11
04/14/08	15528		NRECA annual mtg			600.00	20.00				10.00			630.00
05/09/08	15734			300.00			11.11							311.11
05/14/08	15776	NRECA	Director conf						1,575.00					1,575.00
06/13/08	15995			300.00			11.11							311.11
06/13/08	15995		NRECA Dir conf			800.00	560.56				20.00			1,380.56
06/30/08	16116	Vis	NRECA Dir conf							939.96	155.00			1,094.96
07/11/08	16250			300.00			11.11							311.11
08/14/08	16499			300.00			12.87							312.87
08/26/08	16596		Propane mtg		300.00		12.87							312.87 x
09/11/08	16711			300.00			12.87							312.87
09/24/08	16815		Understanding World of Power			200.00	105.30							305.30
				3,400.00	450.00	2,400.00	1,542.33	206.30	2,075.00	1,887.25	732.72	0.00	100.00	12,793.60



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Paul Hawkins

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Witness: Alan Zumstein

	Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Misc Expense	Total
8	10/12/07	14261			200.00			31.53							231.53
9	10/12/07	14261		Strategic planning		150.00		31.53							181.53
10	11/09/07	14458			200.00			31.53							231.53
11	12/05/07	14617		Christmas gift										100.00	100.00 x
12	12/13/07	14708			300.00			31.53							331.53
13	01/11/08	14861			300.00			31.53							331.53
14	01/23/08	14906		Director search			200.00	67.67							267.67
15	01/28/08	14984	NRECA	Annual mtg						500.00					500.00
16	02/01/08	15038	Visa	NRECA annual mtg					206.30			43.91			250.21
17	02/14/08	15106			300.00			32.83							332.83
18	02/28/08	15191		Legislative conf			200.00	7.07							207.07 x
19	02/29/08	15220	Wm Prather	NRECA annual mtg								33.33			33.33
20	03/05/08	15255	Visa	Legislative conf								56.13			56.13 x
21	03/13/08	15284		NRECA annual mtg			600.00	28.28				23.84			652.12
22	03/13/08	15284			300.00			32.83							332.83
23	04/03/08	15474	Visa	NRECA annual mtg							445.45	121.60			567.05
24	04/14/08	15529			300.00			32.83							332.83
25	05/09/08	15735			300.00			32.83							332.83
26	05/22/08	15838		EKPC Power Supply training			200.00	132.32							332.32
27	06/13/08	15996			300.00			32.83							332.83
28	06/13/08	15996		EKPC annual mtg			200.00	131.75							331.75
29	07/11/08	16251			300.00			32.83							332.83
30	08/15/08	16500			300.00										300.00
31	08/22/08	16544	NRECA	NRECA Dir conf						420.00					420.00
32	08/26/08	16597		Propane mtg		300.00		32.83							332.83 x
33	09/11/08	16713			300.00			38.03							338.03
34	09/18/08	16745		NRECA Dir conf						500.00					500.00
35	10/06/08	16930	Visa	NRECA Dir conf					261.50						261.50
37					3,400.00	450.00	1,400.00	792.58	467.80	1,420.00	445.45	278.81	0.00	100.00	8,754.64

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Randy London

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Explanation</u>	<u>Regular Bd Mtg</u>	<u>Other Bd Mtg</u>	<u>Per Diem</u>	<u>Mileage</u>	<u>Air Fare</u>	<u>Meeting Fees</u>	<u>Hotel</u>	<u>Meals</u>	<u>Health Ins</u>	<u>Misc Expense</u>	<u>Total</u>
8	10/12/07	14271			200.00			9.22							209.22
9	10/12/07	14271		Strategic planning		150.00		9.22							159.22
10	11/09/07	14462			200.00			9.22							209.22
11	11/15/07	14499	NRECA	Winter School Dir conf						950.00					950.00
12	12/05/07	14633		Christmas gift										100.00	100.00 x
13	12/13/07	14712			300.00			9.22							309.22
14	01/07/08	14840	Visa	Winter School Dir conf							153.44	172.84			326.28
15	01/10/08	14865			300.00			9.22							309.22
16	01/10/08	14865		NRECA Dir conf			400.00	131.89							531.89
17	02/14/08	15110			300.00			9.60							309.60
18	02/27/08	15205		Legislative conf			200.00								200.00 x
19	03/13/08	15288			300.00			9.60							309.60
20	04/14/08	15537			300.00			9.60							309.60
21	05/09/08	15739			300.00			9.60							309.60
22	05/19/08	15815		Legislative conf			800.00								800.00 x
23	05/30/08	15915	Visa	Legislative conf							1,216.88				1,216.88 x
24	06/13/08	16000			300.00			9.60							309.60
25	06/17/08	16022		EKPC annual mtg			200.00	135.34							335.34
26	06/30/08	16110	KAEC	Legislative conf								51.00			51.00 x
27	07/11/08	16255			300.00			9.60							309.60
28	08/14/08	16505			300.00			11.12							311.12
29	08/22/08	16544	NRECA	NRECA Dir conf						420.00					420.00
30	08/26/08	16602		Propane mtg		300.00		11.12							311.12 x
31	09/11/08	16717			300.00			11.12							311.12
32	10/06/08	16930	Visa	NRECA Dir conf					261.50						261.50
33															0.00
34					3,400.00	450.00	1,600.00	404.29	261.50	1,370.00	1,370.32	223.84	0.00	100.00	9,179.95

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
C.F. Martin, Jr.

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Wintess: Alan Zumstein

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Misc Expense	Total
10/12/07	14263			200.00			20.37							220.37
10/12/07	14263		Strategic planning		150.00		20.37							170.37
11/09/07	14460			200.00			20.37							220.37
12/05/07	14620		Christmas gift										100.00	100.00 x
12/13/07	14710			300.00			20.37							320.37
12/31/07	14839		KAEC annual mtg			400.00	79.54							479.54 x
01/07/08	14840	Visa	KAEC annual mtg							289.53				289.53 x
01/10/08	14862			300.00			20.37							320.37
01/23/08	14907	KAEC	Annual mtg								176.75			176.75 x
02/14/08	15107			300.00			21.21							321.21
03/13/08	15285			300.00			21.21							321.21
04/14/08	15530			300.00			21.21							321.21
05/09/08	15736			300.00			21.21							321.21
06/13/08	15997			300.00			21.21							321.21
07/11/08	16252			300.00			21.21							321.21
08/14/08	16501			300.00			24.57							324.57
08/26/08	16599		Propane mtg		300.00		24.57							324.57 x
09/11/08	16714			300.00			24.57							324.57
				3,400.00	450.00	400.00	382.36	0.00	0.00	289.53	176.75	0.00	100.00	5,198.64

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Neil Pendencygraft

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Misc Expense	Total
10/12/07	14262			200.00			10.19							210.19
10/12/07	14262		Strategic planning		150.00		10.19							160.19
11/09/07	14459			200.00			10.19							210.19
12/05/07	14619		Christmas gift										100.00	100.00 x
12/13/07	14709			300.00			10.19							310.19
12/31/07	14838		KAEC annual mtg			400.00	97.40							497.40 x
01/07/08	14840	Visa	KAEC annual mtg							356.54	26.00			382.54 x
01/10/08	14863			300.00			10.19							310.19
01/23/08	14907	KAEC	Annual mtg								176.75			176.75 x
01/31/08	15027		Director search		200.00		6.57							206.57
02/14/08	15108			300.00			6.57							306.57
02/27/08	15195		Legislative conf			200.00	6.06							206.06 x
03/05/08	15255	Visa	CoBank Dir conf					426.50		324.46				750.96
03/13/08	15286			300.00			6.06							306.06
03/31/08	15506		CoBank Dir conf			800.00	95.95	426.50			69.94			1,392.39
04/14/08	15533				300.00									300.00
05/05/08	15694	Visa	CoBank Dir conf				377.60			468.93	75.50			922.03
05/09/08	15737			300.00			6.57							306.57
05/19/08	15807		Legislative conf			800.00								800.00 x
05/30/08	15915	Visa	Legislative conf							1,216.88				1,216.88 x
06/13/08	15998			300.00			6.57							306.57
06/30/08	16110	KAEC	Legislative conf								51.00			51.00 x
07/11/08	16253			300.00			6.57							306.57
08/14/08	16503			300.00			7.02							307.02
08/22/08	16544	NRECA	Director conf						420.00					420.00
08/26/08	16598		Propane mtg		300.00		7.02							307.02 x
09/11/08	16715			300.00			7.02							307.02
				3,100.00	950.00	2,200.00	687.93	853.00	420.00	2,366.81	399.19	0.00	100.00	11,076.93

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Ronnie Smith

Exhibit 10  
page 10 of 15  
Witness: Alan Zumstein

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Date	Check Number	Payee	Explanation	Regular Bd Mtg	Other Bd Mtg	Per Diem	Mileage	Air Fare	Meeting Fees	Hotel	Meals	Health Ins	Misc Expense	Total
03/13/08	15289			300.00			23.23							323.23
04/14/08	15539			300.00			23.23							323.23
05/09/08	15740			300.00			23.23							323.23
06/13/08	16001			300.00			23.23							323.23
07/11/08	16256			300.00			23.23							323.23
08/14/08	16506			300.00			26.91							326.91
08/26/08	16603		Propane mtg		300.00		26.91							326.91
09/11/08	16718			300.00			26.91							326.91
														0.00
				2,100.00	300.00	0.00	196.88	0.00	0.00	0.00	0.00	0.00	0.00	2,596.88

x





DIRECTOR'S COMPENSATION

I. POLICY

In order to encourage full member involvement in the governance of the Cooperative, it shall be the practice of the Cooperative to adequately and fairly compensate directors for the time and effort they spend conducting the Board's business.

II. PROVISIONS

Director's fees and expenses are set as follows:

1. \$300 per meeting for attendance at regular and special board meetings.
2. \$200 for attendance at committee meetings and all other authorized meetings:
  - a. If a director is attending another authorized cooperative meeting on the same day as the regular monthly board meeting, then the director shall be paid only one per diem fee for that day. The rate paid for that day shall be the normal board meeting per diem of \$300. Additional meeting days preceding or following the board meeting day shall be paid at \$200 per day.
  - b. In the event the board authorizes a director to participate in a board meeting via conference call, the per diem shall be \$300 unless otherwise determined by the board.
  - c. If the director misses a regular board meeting due to illness or death of an immediate family member, the per diem for that meeting shall be paid. Subsequent absences will be addressed by the Board on a case-by-case basis.



3. Expense Allowance:

a. Advances:

Advances shall be made to Directors upon proper requests for such advances and receipt of such advances acknowledged.

b. Lodging and meals will be paid at actual cost.

c. Transportation:

Travel shall be commercial carrier or personal vehicle at the individual director's option. The choice of travel should be influenced by the overall least cost to the cooperative. Travel by commercial carrier shall be at the most economical fare available to the Cooperative. Travel by personal vehicle shall be compensated with an amount commensurate with that currently allowable by the IRS and which shall exclude any road and bridge tolls. Any additional lodging and meals will be paid.

d. Travel Days

When a meeting is held at a distance requiring a Director to travel out of state on a day prior to and/or a day after the meeting, payment for such additional travel and expenses shall be limited to one additional day's compensation.

If more than one director travels together by car the passenger director shall be paid for lodging and expenses only for any extra travel days, no transportation.

e. Additional expenses

Reasonable additional expenses incurred by a Director not covered above shall be authorized upon proper documentation of such out of pocket expenses and approved by the Board of Directors.

f. Accounting

Any expense of \$25.00 or more shall be accompanied by a receipt. A full accounting of expenses shall be completed within 30 days of occurrence.

4. Major medical and hospitalization coverage:

- a. Major medical and hospitalization coverage for Directors will begin on the first day of the month following election or appointment. The coverage extends to said Director's dependent family in accordance with specifications of the Cooperative's insurance plan. (See Summary Plan Description for eligibility provisions).

Directors shall be required to contribute to the cost of medical coverage as follows:

Director Only	\$ 0 per month
Director + Family	\$ 149.00 per month

Directors shall be required to contribute to the cost of dental coverage as follows:

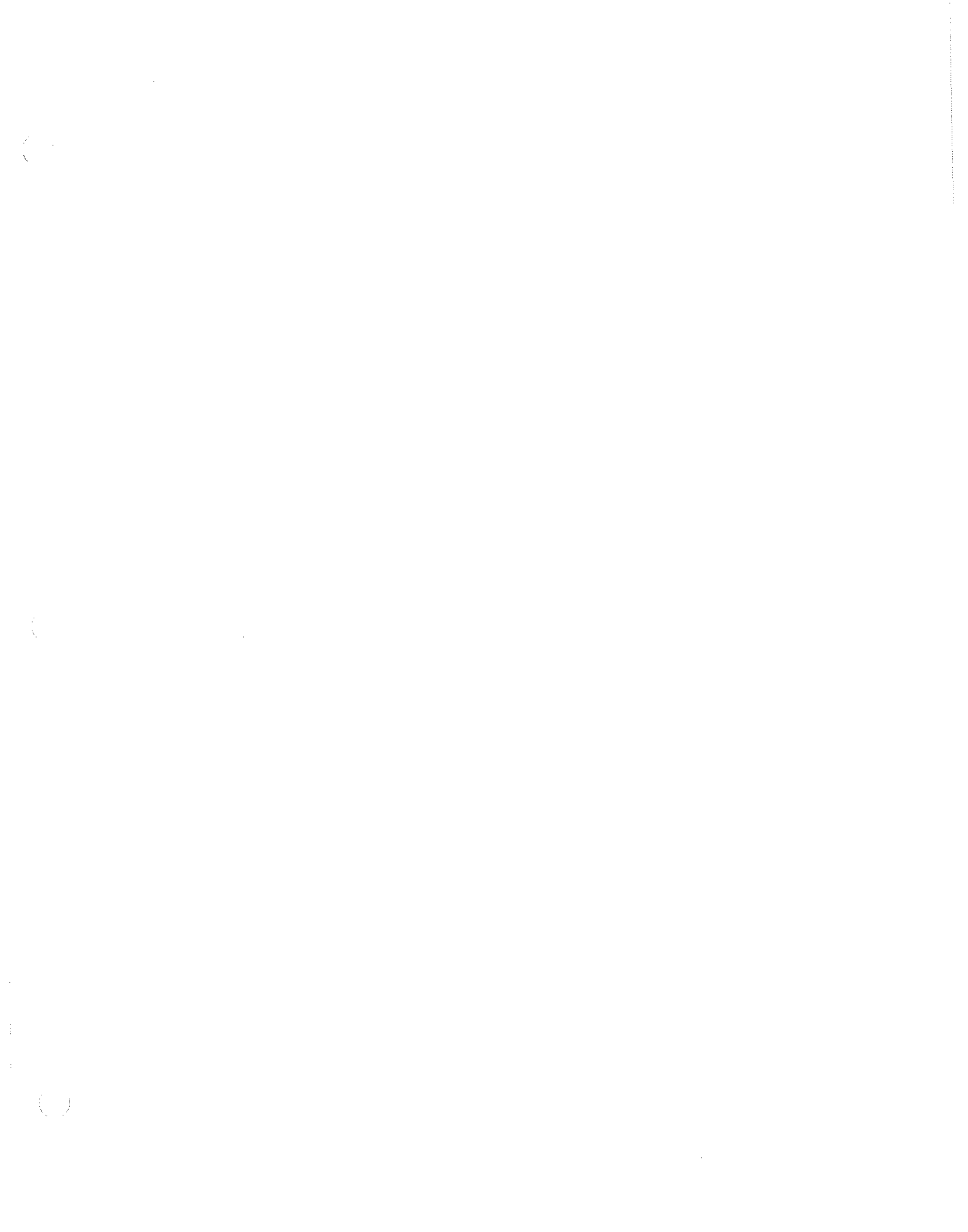
Director Only	\$ 0 per month
Director + Family	\$ 62.00 per month
Two Party Plan	\$ 26.00 per month

- b. If a Director dies, his/her spouse and eligible dependents will have to qualify for continuation of medical coverage according to COBRA provisions of the plan. The Cooperative will agree to pay the full cost of the COBRA coverage, if elected, for the first six months. The spouse and/or dependents will be responsible for the full amount of COBRA premiums due beyond that period.

III. RESPONSIBILITY

The Board of Directors and the President and CEO shall be responsible for the administration of this policy.

Date Policy approved by Board of Directors: May 15, 2008



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
**Adjustment for miscellaneous expenses**  
September 30, 2008

Certain advertising expenses are disallowed for rate making purposes that are not for safety, conservation, information or the annual meeting. These have been removed from Account 930.10, General Advertising Expenses. Other costs that are generally disallowed for rate-making purposes have been removed and are listed below. Amounts less than \$100 individually have been grouped together, however, if the amount is normally disallowed for rate-making purposes, they have been separately listed.

Annual meeting scholarships, prizes and giveaways are also disallowed and have been removed from this application.

The amounts removed for rate making purposes is as follows:

Account 930.10, General advertising	0
Account 930.20, Miscellaneous general	(691)
Account 930.21, Annual meeting	2,152
Account 930.23, Public relations	<u>27,578</u>
	<u><u>29,039</u></u>

Farmers Rural Electric Cooperative  
Case No. 2008-00030

Account 930 - Miscellaneous General Expenses  
September 30, 2008

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Line No.	Item (a)	Amount (b)
1.	Industry association dues	82,483
2.	Annual meeting	39,969
3.	Institutional advertising	27,578
4.	Conservation advertising	
5.	Rate department load studies	
6.	Director's fees and expenses	119,179
7.	Dues and subscriptions KY Living Magazine	113,544
8.	Miscellaneous	102,874
9.	Total	485,627
10.	Amount assigned to KY retail	

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
General Advertising Expenses Account 930.10  
September 30, 2008

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
10/31/07	14380	KAEC	7,152.48	Ky Living magazine
11/26/07	14533	KAEC	7,319.18	Ky Living magazine
01/05/08	14820	KAEC	7,173.02	Ky Living magazine
01/23/08	14907	KAEC	20,335.12	Annual dues (portion allocated)
01/30/08	15005	KAEC	7,176.30	Ky Living magazine
02/28/08	15192	KAEC	6,959.23	Ky Living magazine
04/02/08	15451	KAEC	8,652.56	Ky Living magazine
05/03/08	15671	KAEC	8,663.94	Ky Living magazine
05/27/08	15855	KAEC	7,038.69	Ky Living magazine
07/07/08	16214	KAEC	7,472.24	Ky Living magazine
08/05/08	16418	KAEC	11,786.63	Ky Living magazine
08/25/08	16542	KAEC	8,872.93	Ky Living magazine
10/02/08	16884	KAEC	8,891.81	Ky Living magazine
			<hr/>	
			<u>117,494.13</u>	

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Miscellaneous General Expenses Account 930.20  
September 30, 2008

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
11	10/19/07	14297	Walmart Community BRC	333.44	x Employee award lunch
12	var	var	Walmart Community BRC	628.48	Board meals
13	06/19/08	16031	Walmart Community BRC	424.56	x Employee picnic
14	07/18/08	16298	Walmart Community BRC	43.20	x Employee picnic
15	09/18/08	16746	Walmart Community BRC	331.81	Safety supplies
16	05/23/08	15845	Joel Thompson	81.82	x Nominating committee
17	05/23/08	15846	Frank Gibson	71.72	x Nominating committee
18	05/02/08	15639	Awards, Inc.	295.41	SEDC users group
19	11/15/07	14485	Frank Brockman	129.01	Mileage to safety meeting
20	12/17/07	14719	Petty Cash	46.36	x Christmas decorations
21	var	var	Houchen Grocery #1	860.75	Safety meeting food
22	01/08/08	14858	Hart Co Chamber of Commerce	350.00	x Dues
23	06/13/08	16002	Hart Co Chamber of Commerce	150.00	x Hole sponsor
24	06/25/08	16092	Peggy Jones	29.66	x Employee picnic supplies
25	10/29/07	14363	Visa	145.78	x Employee picnic
26	12/04/07	14612	Visa	127.05	Accounting seminar meals
27	05/30/08	15915	Visa	196.97	SEDC users group
28	var	var	Visa	219.10	Meals, employee meetings
29	08/04/08	16403	Visa	204.00	American flag
30	10/06/08	16930	Visa	400.06	Employee uniforms
31	var	var	Visa	378.53	Board meals
32	var	var	Keller & Assoc	920.68	Roadside inspections of vehicles - DOT
33	var	var	Key Cleaners, Inc.	275.00	clean office
34	05/23/08	15847	Lola Bunnell	74.24	x Nominating committee
35	08/25/08	16545	Sign World, Inc.	332.84	Decals
36	05/19/08	15810	Clement Communications, Inc.	216.14	Safety newsletter
37	12/13/07	14688	Business & Legal Reports	391.92	Safety training video
38	05/23/08	15848	Wade Barton	56.06	x Nominating committee
39	var	var	Sweetheart Bakery	568.15	Safety meeting food
40	var	var	Sweetheart Bakery	152.54	Employee meetings
41	06/06/08	15969	Big Moose Bar-B-que	171.72	x Employee picnic
42	11/05/07	14433	Zee Medical, Inc.	458.17	Medical cabinets
43	11/05/07	14433	Zee Medical, Inc.	3,401.20	Medical supplies
44	02/28/08	15202	Zee Medical, Inc.	202.18	Safety kits
45	05/23/08	15849	Jessie Thomas	60.10	x Nominating committee
46	var	var	Premier Drug Testing, Inc.	1,833.00	Employee drug testing
47	05/23/08	15850	Lewis Bauer	60.10	x Nominating committee
48	04/23/08	15590	Grace Hall's, Inc.	206.70	SEDC user group meals
49	var	var	Hall's Place	2,471.82	Board mtg meals
50	05/12/08	15753	Wm Prather	165.66	x Legislative conf meals
51	12/14/07	14717	2 Men and a Truck	2,050.84	x Move new CEO
52	04/02/08	15458	Kaeser & Blair, Inc.	193.51	SEDC user group supplies
53	05/23/08	15851	Chris Huffman	61.62	x Nominating committee
54	08/25/08	16553	Gary Carrol	20.95	x Employee birthday cake
55	01/23/08	14907	KAEC	37,491.40	Dues
56	11/26/07	14534	NRECA	24,657.00	Dues

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Miscellaneous General Expenses Account 930.20  
September 30, 2008

<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
		Item less than \$100 individually	1,846.84	various
10/08/07		South Central RTCC	(4,625.00) x	Reimburse for Child ID kits
10/22/07		South Central RTCC	(463.75) x	Reimburse for Child ID kits
		Employee labor and benefits	3,538.19	Coop labor charges
			<u>82,237.53</u>	
		Items disallowed for rate making purposes	<u>(690.92) x</u>	
		Summary of Miscellaneous expenses:		
930.10	Advertising		117,494.13	
930.20	Miscellaneous		82,237.53	
930.20	Annual meeting		39,968.71	
930.23	Public relations & image		126,747.89	
930.30	Directors expenses		<u>119,178.85</u>	
	Total		<u>485,627.11</u>	



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Annual Meeting Expenses Account 930.20  
September 30, 2008

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
07/21/08	16307	Awards, Inc.	366.27	Entertainment
11/01/07	14402	Cammpbell, Myers & Rutledg	795.00	Provost
09/26/08	16826	Cammpbell, Myers & Rutledg	795.00	Provost
08/29/08	16608	Cave City Convention Center	4,780.05	Rent facility
07/10/08	16247	Farmers Rural Electric	200.00	x Prizes
07/03/08	16197	Glasgow Daily Times	725.00	Ads
08/05/08	16414	Glasgow Daily Times	150.00	Ads
09/02/08	16625	Glasgow Kiwanis Club	250.00	Serve meals
07/21/08	16311	Jeff's Country Florist	159.00	Lighinting rental
08/05/08	16418	KAEC	150.27	Handouts
10/02/08	16884	KAEC	10,597.61	Set up
08/07/08	16485	the Print Shop	121.90	Programs
08/04/08	16403	Visa	1,547.22	Meals
11/29/07	14573	WKU	202.00	x Scholarship
08/05/08	16424	WKU	1,000.00	x Scholarship
08/06/08	16462	WKU	250.00	x Scholarship
08/07/08	16469	WKU	500.00	x Scholarship
08/05/08	16425	Commonwealth Broadcasting	595.00	Ads
07/07/08	16216	Commonwealth Broadcasting	196.42	Ads
08/05/08	16426	Commonwealth Broadcasting	225.00	Ads
07/10/08	16239	Quest magazine	130.00	Ads
07/02/08	16175	WCLU-AM Radio	300.00	Ads
08/05/08	16429	WCLU-AM Radio	316.80	Ads
08/07/08	16471	WLOC Communications	150.00	Ads
07/10/08	16248	Kelly Rynerson	125.00	Entertainment
08/05/08	16441	Commonwealth Broadcasting	180.00	Ads
08/07/08	16477	Hobbs Broadcasting	180.00	Ads
07/07/08	16220	Jobe Publishing Inc.	850.50	Ads
07/21/08	16320	Rachel Hall	749.68	Material set ups
07/21/08	16321	South Central RTCC	495.25	Ads
07/22/08	16355	Webb Photography	649.00	Annual mtg photos
08/07/08	16481	Haskell McCubbins	250.00	Entertainment
		Items less than \$100 individua	286.98	
		Employee labor and benefits	11,699.76	Coop labor charged
			<u>39,968.71</u>	
		Amounts to exclude for rate making purposes	<u>2,152.00</u>	x

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Public Relations Account 930.23  
September 30, 2008

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
11	10/12/07	14265	Barren Co Band	30.00	x Ad sponsor
12	10/12/07	14266	Temple Hill School	20.00	x Ad sponsor
13	10/31/07	14380	KAEC	2,942.73	Ky Living magazine
14	10/31/07	14384	Barren Co HS	55.00	x Ad sponsor
15	11/05/07	14425	EKPC	635.70	Bill stuffers
16	11/05/07	14430	WCLU-AM	295.00	x Sport sponsor
17	11/09/07	14455	Jobe Publishing	75.00	x 4-H sponsor
18	11/12/07	14464	Glasgow Daily Times	85.00	Fall home improvements
19	11/12/07	14468	Cub Run School	30.00	x Ad sponsor
20	11/20/07	14496	Advertising Ideas, Inc.	304.80	x Christmas stocking giveaways
21	11/20/07	14496	Advertising Ideas, Inc.	312.45	x Monthly planner giveaways
22	11/20/07	14496	Advertising Ideas, Inc.	1,673.25	x Press-stick calendar giveaways
23	11/20/07	14496	Advertising Ideas, Inc.	412.48	x Monthly pocket planner giveaway
24	11/20/07	14498	Glasgow/Barren Chamber	250.00	x Christmas parade sponsor
25	11/26/07	14533	KAEC	2,791.68	Ky Living magazine
26	11/26/07	14537	Glasgow Co HS	100.00	x Ad sponsor
27	11/29/07	14575	Bonnieville School	35.00	x Ad sponsor
28	12/05/07	14626	WCLU-AM	295.00	x Sport sponsor
29	12/06/07	14643	EKPC	635.70	Bill stuffers
30	12/06/07	14647	Glasgow Daily Times	35.00	x Thanksgiving sponsor
31	12/06/07	14657	Jobe Publishing	150.00	x Thanksgiving ad
32	12/06/07	14660	KAEC	250.00	x 40th Anniversary sponsor
33	12/12/07	14676	WLOC Communications	35.00	x Ad sponsor
34	12/12/07	14678	Hoss Broadcasting	140.00	x Sports sponsor
35	01/02/08	14787	Munfordville School	25.00	x Yearbook ad
36	01/05/08	14819	Glasgow Daily Times	1,346.04	x Christmas greetings
37	01/05/08	14820	KAEC	2,951.18	Ky Living magazine
38	01/05/08	14826	WCLU-AM	295.00	x Sport sponsor
39	01/07/08	14833	EKPC	635.70	Bill stuffers
40	01/07/08	14845	Jobe Publishing	773.80	x Christmas ad
41	01/23/08	14903	Cave City Chamber Commerce	200.00	x Dues
42	01/30/08	15005	KAEC	2,952.52	Ky Living magazine
43	02/05/08	15059	Glasgow Daily Times	125.00	Safety education ad
44	02/05/08	15064	WCLU-AM	295.00	x Sport sponsor
45	02/20/08	15126	Hart Co Chamber	100.00	x Sponsor
46	02/27/08	15184	EKPC	1,271.40	Bill stuffers
47	02/28/08	15192	KAEC	1,685.91	Ky Living magazine
48	03/05/08	15250	Glasgow Daily Times	173.00	x Chamber sponsor
49	03/05/08	15262	Jobe Publishing	50.00	x Sports sponsor
50	03/06/08	15268	Cave City Convention Center	500.00	Deposit - annual mtg
51	03/07/08	15273	WCLU-AM	295.00	x Sport sponsor
52	03/07/08	15274	Shandra Crosby	600.00	Ky Living insert article

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Public Relations Account 930.23  
September 30, 2008

	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
53	03/29/08	15445	WA Fisher Co	300.00	Connect Ky card
54	04/02/08	15451	KAEC	296.89	x Ky Chamber dues
55	04/03/08	15466	Glasgow Daily Times	148.28	Employment ad
56	04/03/08	15477	WCLU-AM	295.00	x Sport sponsor
57	04/03/08	15490	Jobe Publishing	250.00	Home improvement ad
58	04/03/08	15490	Jobe Publishing	542.00	Bank draft ad
59	04/21/08	15562	Greg Houchens	136.35	x Wash Youth Tour
60	05/03/08	15668	Glasgow Daily Times	70.80	Non discrimination
61	05/03/08	15668	Glasgow Daily Times	220.00	Fall home improvements
62	05/03/08	15668	Glasgow Daily Times	56.64	Employment ad
63	05/03/08	15669	Glasgow/Barren Chamber	100.00	x Golf sponsor
64	05/03/08	15686	Premier Drug Testing	300.00	Safety test kits
65	05/05/08	15701	Jobe Publishing	141.60	Nondiscrimination ad
66	05/16/08	15783	Quest Magazine	49.95	x Ad sponsor
67	05/16/08	15790	Scott Braswell	150.00	Annual mtg entertainment
68	05/16/08	15799	WA Fisher Co	100.00	Connect Ky card
69	05/16/08	15801	Cardsource	440.00	Connect Ky card
70	05/21/08	15827	Glasgow/Barren Chamber	150.00	x Golf sponsor
71	05/22/08	15844	Cardsource	1,733.50	Connect Ky card
72	05/27/08	15855	KAEC	1,628.25	Ky Living magazine
73	06/11/08	15988	Glasgow Daily Times	100.00	x Sport sponsor
74	06/19/08	16032	Barren Co Conservation	159.00	x Art sponsor
75	06/24/08	16076	KAEC	5,080.00	x Washington youth tour
76	06/24/08	16079	Wilderness Studio	127.20	Annual mtg photos
77	06/25/08	16094	Hart Co Fair Assoc	100.00	x Ad sponsor
78	06/30/08	16124	Specialty Supply Systems	895.00	x Sport sponsor
79	07/07/08	16214	KAEC	1,402.72	Ky Living magazine
80	07/07/08	16220	Jobe Publishing	300.00	x Project graduation
81	07/16/08	16296	Cardsource	1,993.56	Connect Ky card
82	07/23/08	16360	WKU	1,000.00	x Scholarship
83	07/23/08	16361	Univ of Ky	1,000.00	x Scholarship
84	07/23/08	16361	Univ of Ky	1,000.00	x Scholarship
85	07/23/08	16362	EKU	1,000.00	x Scholarship
86	07/23/08	16364	Georgetown Univ	1,000.00	x Scholarship
87	07/28/08	16389	Univ of Louisville	1,000.00	x Scholarship
88	08/05/08	16414	Glasgow Daily Times	245.36	Farm safety
89	08/07/08	16478	Jobe Publishing	360.00	Surplus vehicle notice
90	08/11/08	16490	WKU	1,000.00	x Scholarship
91	08/20/08	16535	Shandra Crosby	1,125.00	Ky Living insert article
92	08/29/08	16613	Quest Magazine	260.00	x Ad sponsor
93	09/03/08	16644	WCLU-AM	247.50	x Sport sponsor
94	09/03/08	16645	Petty Cash	62.70	x Ice - motorcycle run

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Public Relations Account 930.23  
September 30, 2008

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<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
09/04/08	16667	Wayne Davis	845.23	x Samson bowl cookout
09/04/08	16675	Two Eds	560.00	x Shirts Samson Bowl
09/05/08	16685	Glasgow Daily Times	969.04	Employment ad
09/08/08	16692	Barren Co HS	574.33	x Samson Bowl food
09/10/08	16699	Jerry Carter	121.50	x Sponsor Samson Bowl
09/12/08	16723	Commonwealth Broadcasting	250.00	x Sports sponsor
09/12/08	16725	WLOC Communications	350.00	x Sport sponsor
09/17/08	16741	Hoss Broadcasting	175.00	x Sports sponsor
09/17/08	16742	Jobe Publishing	720.00	Employment ad
09/18/08	16746	Walmart Community BRC	121.40	x Motorcycle Run food
09/18/08	16748	NRECA	817.00	Rural Electric magazine sub
09/24/08	16796	Hart Co HS	25.00	x Ad sponsor
09/26/08	16832	Two Eds	342.88	x Shirts Samson Bowl
10/02/08	16884	KAEC	4,842.61	Cooperative card
10/02/08	16886	WCLU-AM	495.00	x Sport sponsor
10/02/08	16895	Advertising Ideas, Inc.	184.28	x Miser pencils
10/02/08	16899	Glasgow Daily Times	150.00	Industry appreciation
10/03/08	16922	Commonwealth Broadcasting	250.00	x Sports sponsor
		Items less than \$100 individual	337.85	
		Labor and benefits	62,186.13	Cooperative labor charged
			<u>126,747.89</u>	
		Remove for rate making purposes	<u>27,577.83</u>	x



Witness: Alan Zumstein

**Farmers Rural Electric Cooperative**

**Case No. 2008-00030**

**Rate Case Expenses**

September 30, 2008

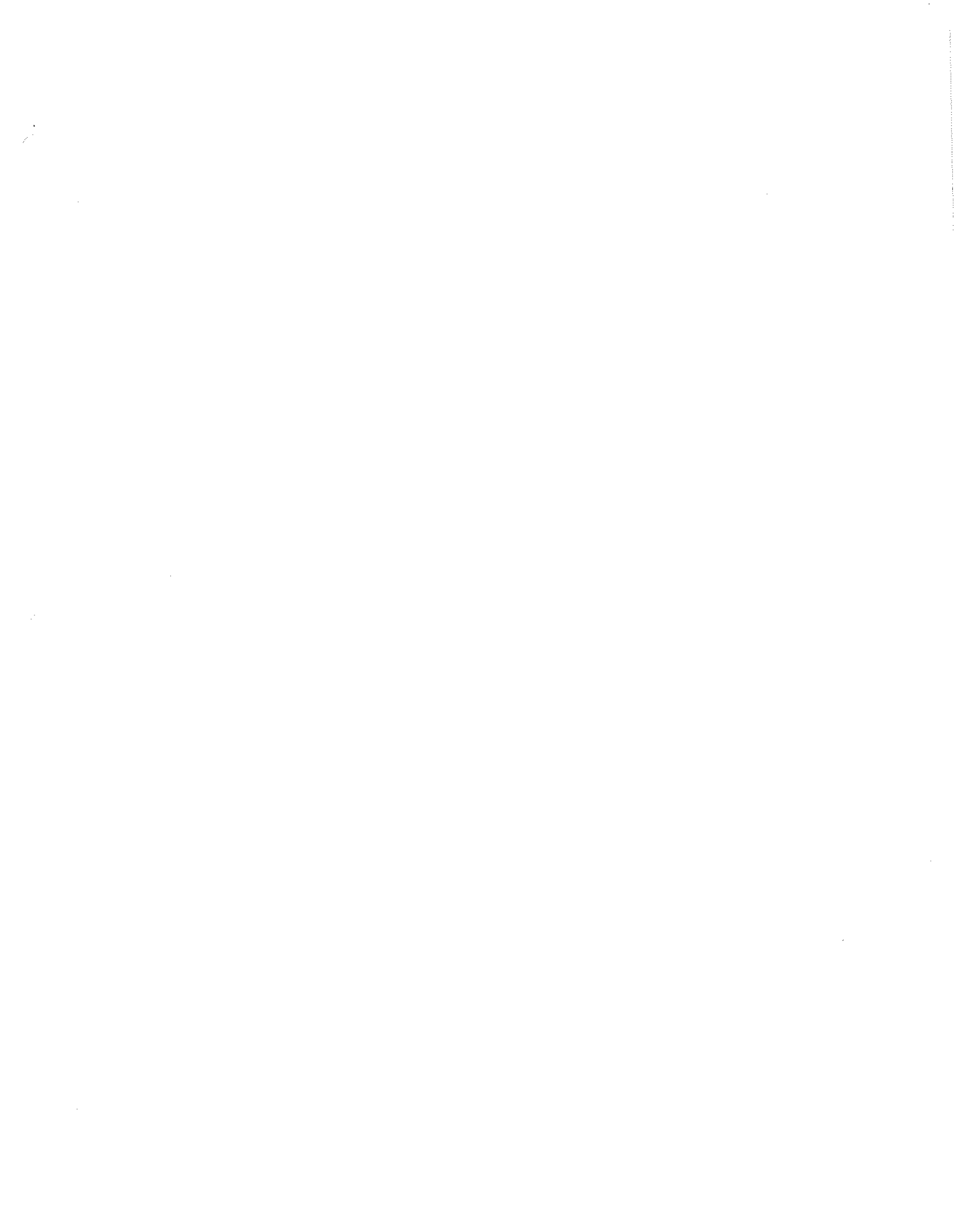
Estimated rate case costs:

Attorney	\$5,000
Consulting	60,000
Advertising	5,000
Supplies and miscellaneous	<u>2,000</u>
Total	72,000
Number of years	<u>3</u>
Adjustment	<u><u>\$24,000</u></u>

In-house labor was not included in the above adjustment as the labor would be incurred in other accounts.

This amount is approximately the same as other rate requests filed before this Commission.

The monthly amounts filed for rate case expenses will include the labor, however, this amount is not included in the above adjustment.



Farmers Rural Electric Cooperative  
CATV Pole Attachments  
December 31, 2007

*Additional revenues generated*

<u>Description</u>	Number	Charges		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole Attachments	3,790	\$1.87	\$4.02	\$7,087	\$15,241	\$8,154	53%
2 party Anchor Attachments	465	3.70	6.20	1,721	2,885	\$1,164	40%
2 party Ground Attachments		0.00	0.30	0	0	\$0	0%
3 party Pole Attachments	2,770	1.66	3.53	4,598	9,773	\$5,175	53%
3 party Anchor Attachments		2.46	4.09	0	0	\$0	0%
3 party Ground Attachments		0.00	0.19	0	0	\$0	0%
Total				<u>\$13,406</u>	<u>\$27,899</u>	<u>\$14,493</u>	52%



Farmers Rural Electric Cooperative  
CATV Pole Attachments  
December 31, 2007

A. 1. Two-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
35' and under	36,696	5,350,198	
40' & 45' poles	22,658	6,282,947	
	<u>59,354</u>	<u>11,633,145</u>	<u>\$196.00</u>

2. Three-Party Pole Cost:

<u>Size</u>	<u>Quantity</u>	<u>Amount</u>	<u>Weighted Average Cost</u>
40' & 45' poles	<u>22,658</u>	<u>6,282,947</u>	<u>\$277.29</u>

3. Average cost of anchors

\$62.92

B. 1. Pole Charge:

a. Two party =	\$196.00	85%	19.72%	0.1224	\$4.02
b. Three party =	\$277.29	85%	19.72%	0.0759	\$3.53

2. Pole Charge, with ground attachments:

a. Two party =	\$196.00	85%	\$12.50	19.72%	0.1224	\$0.30
b. Three party =	\$277.29	85%	\$12.50	19.72%	0.0759	\$0.19

3. Anchor Charge:

a. Two party =	\$62.92		19.72%	0.50	\$6.20
b. Three party =	\$62.92		19.72%	0.33	\$4.09

(1) Remove miscellaneous allocations to pole accounts when using Record Units in the continuing property record (CPR's) system, per PSC Administrative Case No. 251

Farmers Rural Electric Cooperative  
CATV Pole Attachments  
December 31, 2007

Fixed charges on investment from PSC Annual Report at December 31, 2007.

Total Distribution Expense	3,068,933	
Reference Page 14		
Customer Accounts Expense	1,040,265	
Reference Page 15		
Customer Service and Informational Expense	283,693	
Reference Page 15		
Administrative and General	1,612,818	
Reference Page 15		
Depreciation Expense	1,867,901	
Reference Page 13		
Taxes Other than Income Taxes	432,131	
Reference Page 13		
	<hr/>	
Sub total	8,305,741	
Divided by Total Utility Plant	62,526,000	13.28%
Line 2, Page 1		
Cost of Money		
Rate of Return on Investment allowed in the last General		
Rate Request, Case No 8438, effective June 1, 1982	8.53%	
Net plant ratio adjustment:		
Distribution plant	<u>57,121,645</u>	
Accumulated depreciation	14,011,008	24.5%
Rate of return ( times 1 minus reserve ratio)		<u>6.44%</u>
Annual carrying charges		<u><u>19.72%</u></u>



Witness: Alan Zumstein

## Farmers Rural Electric Cooperative

PSC Case No. 2008-00030

Non Recurring Charges

September 30, 2008

*Additional Revenues Generated:*

Number	Charges		Revenue		Increase		
	Existing	Proposed	Existing	Proposed	Amount	Percent	
Return check	834	\$5.00	\$25.00	\$4,170	\$20,850	\$16,680	400%
Collection	805	\$15.00	\$30.00	12,075	24,150	12,075	100%
Disconnect	692	\$15.00	\$30.00	10,380	20,760	10,380	100%
Meter tests	63	\$15.00	\$40.00	945	2,520	1,575	167%
Overtime	668	\$30.00	\$70.00	20,040	46,760	26,720	133%
Total				\$47,610	\$115,040	\$67,430	142%

Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
PSC Case No. 2008-00030  
Non Recurring Charges  
September 30, 2008

**Return Check Charge:**

		<u>Estimated Hours</u>	<u>Per Hour</u>	<u>Amount</u>
Number of Minutes	<u>40</u>			
Direct labor charge		66.7%	\$15.61	\$10.41
Direct wage expense		66.7%	\$2.21	1.47
Other cost based on labor	\$15.61	66.7%	27.01%	2.81
Other direct cost per hour		66.7%	\$4.29	2.86
Bank charge - Average				<u>7.50</u>
Total charges				<u><u>\$25.05</u></u>
Proposed charge				<u><u>\$25.00</u></u>

**Meter Reading, Collection, Disconnect-Reconnect Charge:**

	<u>Per Hour</u>	<u>Collection</u>	<u>Disconnect &amp; Reconnect</u>	<u>Meter Test</u>	<u>Overtime</u>
<b>Serviceman:</b>					
Number of minutes		<u>30</u>	<u>30</u>	<u>45</u>	<u>90</u>
Direct labor charge	\$15.67				\$35.26
Direct labor charge	\$23.47	\$7.84	\$7.84	\$17.60	
Direct labor charge	\$24.27	\$1.11	\$1.11	\$1.66	
Direct wage expense	\$2.21				
Other cost based on labor	27.01%	\$2.12	\$2.12	\$4.75	\$9.52
Other direct cost	\$4.29	\$2.15	\$2.15	\$3.22	
Mileage	<u>15</u>	\$0.485	\$7.28	\$7.28	
Mileage	<u>30</u>	\$0.485			\$14.55
<b>Office Clerical:</b>					
Number of minutes		<u>15</u>	<u>20</u>	<u>20</u>	<u>20</u>
Direct labor charge	\$15.61	\$3.90	\$5.20	\$5.20	\$5.20
Direct wage expense	\$2.21	\$0.55	\$0.74	\$0.74	\$0.74
Other cost based on labor	27.01%	\$1.05	\$1.41	\$1.41	\$1.41
Other direct cost	\$4.29	\$1.07	\$1.43	\$1.43	\$1.43
Total		<u><u>\$27.06</u></u>	<u><u>\$29.25</u></u>	<u><u>\$36.01</u></u>	<u><u>\$68.11</u></u>
Proposed Charge		<u><u>\$30.00</u></u>	<u><u>\$30.00</u></u>	<u><u>\$40.00</u></u>	<u><u>\$70.00</u></u>

Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
PSC Case No. 2008-00030  
Non Recurring Charges  
September 30, 2008

<b>Direct Wage Expense:</b>	<u>Hours</u>	<u>Percent</u>
Total hours	2,080	100.00%
Average vacation	126	6.06%
Holidays	72	3.46%
Sick leave days	96	4.62%
Hours worked	<u>1,786</u>	<u>85.87%</u>

For every \$100.00 of labor paid, \$85.87 is paid for work and \$14.13 is paid for non-working hours. The allocation for Office and Service employees is as follows:

	<u>Employee Number</u>	<u>Hourly Rate</u>	<u>Percent</u>	<u>Non-Working Hourly Amount</u>
Accounting	84	\$20.14	14.13%	\$2.85
Office clerical - CSR	Various	\$15.61	14.13%	\$2.21
Field Service Representative	74, 128	\$15.67	14.13%	\$2.21
Lineman	Various	\$24.27	14.13%	\$3.43
Meter department - Tech	82	\$23.47	14.13%	\$3.32

<b>Other Costs Based on Labor:</b>	<u>Total Charges</u>	<u>Percent of Labor</u>
Total labor	<u>\$3,132,211</u>	
Retirement	381,542	12.18%
401 (k)	25,237	0.81%
Life and disability insurance	44,236	1.41%
Payroll taxes	244,255	7.80%
Worker's compensation insurance	150,772	4.81%
Total		<u>27.01%</u>

<b>Other Direct Costs:</b>	
Health and dental insurance premiums	\$994,147
Postretirement benefits	32,654
	<u>1,026,801</u>
Number of employees	134
Annual cost per employee	<u>\$7,663</u>
Hours worked	<u>1,786</u>
Per hour amount	<u>\$4.29</u>

Farmers Rural Electric Cooperative  
Non Recurring Charges  
September 30, 2008

**Return Check**

When a check is not honored by the bank and is returned, the check is stamped "VOID". The CSR reviews the return check, verifying the account number, name, accounts paid by check, number of return checks for consumer, reason check was returned, (ie NSF, Stop Payment, Account closed), whether it was collected by a Field Service Rep. The CSR will also ensure that there is no arrangement or membership/security deposit involved. The returned check is then keyed to the account, as is the return check fee. The batch is balanced and the cash sheet is pulled. Totals are added to Daily balance sheet/branch office re-cap sheets. When the check is keyed at a branch office, the amount is transferred to Daily Balance Sheet. A letter is typed for mailing to the consumer notifying of the return check and/or letter typed notifying consumer on a NO CHECK basis. The consumer's account is noted NC (if applicable) and if the consumer is on bank draft program, their account is taken off auto - payment and applicable notes are made on the account.

The letter is mailed to the consumer. A service order is then issued to collect if the return check was collected by an FSR during a collection trip, on arrangement, or for membership/security deposit, and the account is added to the call out list for the System Operators.

The account is monitored by the CSR to ensure that it is paid within ten days. If not paid, a service order is issued. Possible arrangements may be made by the CSR to extend time on the return check. If the return check is paid, the payment is processed by the CSR and the collection system is updated to clear up field notification and return check is pulled from the file and marked paid. The accounting department reconciles the return checks with the bank statement on a monthly basis and runs applicable reports.

Discussions with the departments involved indicate that it takes a minimum of 40 minutes to process and account for each return check.

Farmers Rural Electric Cooperative  
Non Recurring Charges  
September 30, 2008

**Labor for Collection Charge and Disconnect & Reconnect Charge**  
**Regular working hours**

The CSR produces disconnect tickets and sends them to the district offices, where they are printed. The customer names are entered on the call out list for the System Operators, and a courtesy call is made to attempt to collect before being sent to the FSRs. If payment is not received, or a call received to make arrangements, the tickets are released to the FSRs.

The FSR arranges his route and attempts to collect the payment. If unable to collect, he disconnects the service. Tickets are returned to the CSRs who key any payments collected plus key the charge for the fees.

Per discussions with the parties involved, it takes the FSR approximately 30 minutes for each trip, including the time to prepare the completed paper work. The CSR spend approximately 15 to 20 minutes to prepare paperwork and key payments and charges.

**Labor for overtime charges**

Includes the same processes as for regular time. The differences are that jobs can not be coordinated with other jobs either by route or by service location since these are isolated occurrences.

Since after hour trips are isolated, that is the reason for the mileage to be doubled from regular hours.



Farmers Rural Electric Cooperative  
Non Recurring Charges  
September 30, 2008

**Labor for meter tests**

Meter tests requests originate with the CSR, usually as a result of a high bill. The CSR prepares a Meter Change Service Order and received and processes the credit card payment for the request. After payment for the request is received, the CSR fills out the Meter Change Service Order and passes on to the Field Service Rep

The meter is re-read by the FSR and if indicated, the meter is pulled. It is brought to the meter shop where a technician tests first contacts the consumer to see if he/she wishes to witness the test. Three separate tests are conducted. If the consumer is not present for the test, the meter technician contacts the consumer to provide verbal results. A written report is prepared documenting the results of the test, which is returned to the CSR for mailing.

Per discussions with the meter department, it requires approximately ninety (90) minutes to test the meter and record the results for mailing to the consumer. It takes the CSR approximately 20 minutes of clerical time.

**Miles driven for each service**

Per discussions with the Distribution Field Supervisor and service men, it is estimated that each trip is approximately 20 miles, but probably less. Therefore, 15 miles per trip was used.

**Cost per mile driven**

The transportation system used by Farmers Rural Electric does not allow for the calculations of a per mile cost per vehicle. The costs are allocated on a per hour of use basis.

Since most vehicles used on service calls, collections and reconnects are service trucks and not the large bucket trucks, Farmers has chosen to use the Internal Revenue Service cost per mile of \$0.485 (forty-eight and one-half cent).



Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Purchased Power  
September 30, 2008

Billing Rates	EKPC Case No.		
	1-Apr-07	1-Aug-07	2008-00409
KW-Sch C	\$6.22	\$6.22	\$6.86
KW-Sch E2	\$5.22	\$5.22	\$5.76
KWH-Sch B/C	\$0.027325	\$0.033455	\$0.03690
KWH-Sch E2 On-Peak	\$0.036340	\$0.042470	\$0.04684
KWH-Sch E2 Off-Peak	\$0.028774	\$0.034904	\$0.03850
KVA 3000-7499	\$2,373	\$2,373	\$2,617
KVA 7500-14999	\$2,855	\$2,855	\$3,149
KVA 15000	\$4,605	\$4,605	\$5,079
Metering Point	\$125	\$125	\$138

	Billing Demand		Power Factor Penalty	Total KWH Billing				Energy Charges	Metering Point	Substation Charge			Total	Total from Base Rates	Fuel Adjustment	Environmental Surcharge	Total
	Sch C	Schedule E		Total Demand	Schedule C All KWH	Schedule E On-Peak	Off-Peak			3000	7500	15000					
October	57,989	421,030	1,279	480,298	201,880	925,596	515,279	1,642,755	1,500	2,373	28,550	4,605	35,528	2,160,080	372,246	266,909	2,799,235
November	57,989	377,197	645	435,831	202,018	632,637	612,371	1,447,026	1,500	2,373	28,550	4,605	35,528	1,919,885	129,291	196,311	2,245,487
December	57,989	413,205	708	471,902	189,103	720,155	714,519	1,623,777	1,500	2,373	28,550	4,605	35,528	2,132,706	54,711	186,804	2,374,221
January	57,989	400,223	293	458,505	152,108	837,355	831,512	1,820,976	1,500	2,373	28,550	4,605	35,528	2,316,508	45,202	182,561	2,544,271
February	57,989	577,384		635,373	188,977	994,951	1,019,694	2,203,622	1,500	2,373	28,550	4,605	35,528	2,876,023	349,158	242,856	3,468,037
March	57,989	496,923		554,912	183,538	867,238	890,903	1,941,679	1,500	2,373	28,550	4,605	35,528	2,533,619	351,784	181,491	3,066,894
April	57,989	436,653	239	494,881	184,513	758,254	781,326	1,724,093	1,500	2,373	28,550	4,605	35,528	2,256,002	251,190	159,456	2,666,648
May	57,989	365,123	1,001	424,113	184,815	595,023	590,203	1,370,041	1,500	2,373	28,550	4,605	35,528	1,831,183	332,735	129,403	2,293,321
June	57,989	313,404	690	372,083	189,093	687,362	458,014	1,334,469	1,500	2,373	28,550	4,605	35,528	1,743,579	280,368	113,340	2,137,287
July	58,020	418,435	690	477,145	197,992	991,353	537,712	1,727,057	1,625	2,373	28,550	4,605	35,528	2,241,355	224,669	150,675	2,616,699
August	58,611	445,929	1,270	505,810	185,727	1,055,886	556,047	1,797,660	1,625	2,373	31,405	4,605	38,383	2,343,478	558,449	182,819	3,084,746
September	58,512	432,649	1,363	492,524	187,661	1,034,224	543,590	1,765,475	1,625	2,373	31,405	4,605	38,383	2,298,007	267,291	168,024	2,733,322
Adjust Oct for AMR														(147,338)			(147,338)
<b>Total</b>	<u>697,044</u>	<u>5,098,155</u>	<u>8,178</u>	<u>5,803,377</u>	<u>2,247,424</u>	<u>10,100,032</u>	<u>8,051,171</u>	<u>20,398,628</u>	<u>18,375</u>	<u>28,476</u>	<u>348,310</u>	<u>55,260</u>	<u>432,046</u>	<u>26,505,088</u>	<u>3,217,094</u>	<u>2,160,649</u>	<u>31,882,831</u>
Normalized using rates effective	<u>697,044</u>	<u>5,098,155</u>	<u>8,178</u>	<u>5,803,377</u>	<u>2,247,424</u>	<u>10,100,032</u>	<u>8,051,171</u>	<u>20,398,628</u>	<u>19,500</u>	<u>28,476</u>	<u>376,860</u>	<u>55,260</u>	460,596	26,682,101			
																	Normalized Adjustment
																	<u>177,013</u>
Normalized using rates effective EKPC Case No. 2008-00409	<u>768,766</u>	<u>5,625,550</u>	<u>8,178</u>	<u>6,402,494</u>	<u>2,478,918</u>	<u>11,140,238</u>	<u>8,880,416</u>	<u>22,499,572</u>	<u>21,528</u>	<u>31,404</u>	<u>415,668</u>	<u>60,948</u>	508,020	29,431,614			
																	Normalized Adjustment
																	<u>2,749,513</u>

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Purchased Power  
Test Year Billing Determinants  
September 30, 2008

	Billing Demand		Total KWH Billing			Total Kwh	Metering Point	Substation Charge		
	Schedule C	Schedule E	Schedule C	Schedule E				2373	2855	4605
				On-Peak	Off-Peak					
October	9,323	80,657	6,034,375	21,794,118	14,762,736	42,591,229	12	1	10	1
November	9,323	72,260	6,038,486	14,896,081	17,544,450	38,479,017	12	1	10	1
December	9,323	79,158	5,652,444	16,956,784	20,470,989	43,080,217	12	1	10	1
January	9,323	76,671	4,546,656	19,716,382	23,822,840	48,085,878	12	1	10	1
February	9,323	110,610	5,648,680	23,427,143	29,214,259	58,290,082	12	1	10	1
March	9,323	95,196	5,486,105	20,420,010	25,524,393	51,430,508	12	1	10	1
April	9,323	83,650	5,515,263	17,853,869	22,384,996	45,754,128	12	1	10	1
May	9,323	69,947	5,524,298	14,010,432	16,909,319	36,444,049	12	1	10	1
June	9,323	60,039	5,652,155	16,184,642	13,122,106	34,958,903	12	1	10	1
July	9,328	80,160	5,918,171	23,342,422	15,405,449	44,666,042	13	1	10	1
August	9,423	85,427	5,551,539	24,861,930	15,930,759	46,344,228	13	1	11	1
September	9,407	82,883	5,609,359	24,351,875	15,573,858	45,535,092	13	1	11	1
Total	112,065	976,658	67,177,531	237,815,688	230,666,154	535,659,373	147	12	122	12

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Analysis of Fuel Adjustment and Environmental Surcharge  
September 30, 2008

An analysis of fuel adjustment and environmental surcharge as purchased and passed on to consumers as follows:

<u>Month</u>	<u>Sales</u>		<u>Purchased</u>	
	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>	<u>Fuel Adjustment</u>	<u>Environmental Surcharge</u>
October	373,709	259,074	372,246	266,909
November	135,897	210,059	129,291	196,311
December	48,215	197,850	54,711	186,804
January	52,790	195,146	45,202	182,561
February	49,762	209,216	349,158	242,856
March	290,487	172,727	351,784	181,491
April	245,715	147,174	251,190	159,456
May	233,347	118,965	332,735	129,403
June	433,937	134,219	280,368	113,340
July	440,035	156,108	224,669	150,675
August	189,233	159,827	558,449	182,819
September	<u>443,922</u>	<u>173,945</u>	<u>267,291</u>	<u>168,024</u>
Total	<u>2,937,050</u>	<u>2,134,309</u>	<u>3,217,094</u>	<u>2,160,649</u>

The fuel purchased and environmental surcharge from East Kentucky Power Cooperative is passed on to the consumers using the Fuel Adjustment and Environmental Procedures established by this Commission.



Witness: Alan Zumstein

Farmers Rural Electric Cooperative  
Case No. 2008-00030  
**Normalized Revenues**  
September 30, 2008

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Base rates for the test year	35,665,496
Normalized revenues using rates effective Case No. 2006-0515 and for adjustment to meter reading cycles	<u>34,841,794</u>
Normalized revenue adjustment	(823,702)
Normalized revenues using rates effective in Case No. 2008-00414 to flow thru EKPC rates in Case No. 2008-00409	<u>37,620,551</u>
Normalized revenue adjustment	<u>2,778,757</u>

1 Farmers Rural Electric Cooperative  
2 Case No. 2008-00030  
3 Meter Reading Dates  
4 September 30, 2008  
5  
6

7 During 2008, Farmers substantially completed the installed of Automated Meter Reading  
8 (AMR) devices on its meters, except for the demand meters. Since most meters had  
9 the AMR devices, Farmers moved from a customer-read system to an AMR read system.  
10 In conjunction with this implementation of the Cooperative reading the meters, meter-  
11 reading and billing cycles were started in May 2008. Previously, consumers read their own  
12 meters on the first day of every month.

13  
14 Each of these cycles involve a different meter reading date. This resulted in additional days  
15 of kwh usage for each of these cycles. The additional days were phased in for a couple of  
16 days each cycle until an equal 30-31 days were included for each cycle on a monthly basis.  
17 This was completed in July 2008.

18  
19 The large commercial, industrial and demand meter accounts are read on the first day of  
20 each month. These have not changed as a result of the AMR devices.

21  
22 The result of the AMR readings is that additional days of kwh usage is included in the test  
23 year for certain cycles. The kwh usage for final bills will not change, as the readings for the  
24 last day a consumer uses kwh will not change as a result of the AMR project.

25  
26 The additional kwh was for Residential and Small Commercial accounts as  
27 follows:

28		
29	Schedule R, Residential	10,634,644
30	Schedule C1, Small Commercial	<u>1,221,819</u>
31		<u><u>11,856,463</u></u>
32		
33		
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Farmers Rural Electric Cooperative  
Case No. 2008-00030  
End of Test Year Customer Adjustment

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	Sch R Residential Service	Sch C1 Small Commercial	Sch C2 Small Commercial	Sch D Large Commercial	Sch E Large Industrial
September, 2007	20,798	1,475	85	5	3
October	20,800	1,474	85	5	3
November	20,941	1,471	84	5	3
December	20,886	1,450	84	5	3
January, 2008	20,855	1,476	85	5	3
February	20,885	1,472	84	5	3
March	20,901	1,476	85	5	3
April	20,956	1,490	85	5	3
May	21,210	1,488	84	5	3
June	21,513	1,566	85	5	3
July	21,420	1,497	86	5	3
August	21,363	1,511	84	5	3
September	21,374	1,524	88	5	3
Average	21,069	1,490	85	5	3
Increase	<u>305</u>	<u>34</u>	<u>3</u>	<u>0</u>	<u>0</u>
Test year base revenue	23,057,167	2,287,799	2,660,838	3,300,483	3,526,827
kwh useage	315,954,130	29,660,481	36,220,745	52,712,400	67,173,000
Average per kwh	0.07298	0.07713	0.07346	0.06261	0.05250
Total billings	253,104	17,895	1,019	60	36
Average monthly kwh use	1,248	1,657	35,545	878,540	1,865,917
<i>Increase in consumers, times average use, times average rate, times 12 months, equals additional revenues</i>					
Increase in revenues	333,417	52,161	94,004	0	0
<i>Increase in consumers, times average use, times average cost per kwh purchased, times 12 months, equals additional power cost</i>					
Increase in power cost	226,072	33,462	63,318	0	0
Net increase	107,345	18,699	30,686	0	0
Adjustment	<u>156,731</u>				
Base power cost			26,505,088		
Kwh purchased			535,659,373		
Cost per kwh purchased			0.04948		



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**2007**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER CONSUMER**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>% CHANGE FROM 2003</u>
BIG SANDY	\$286	\$250	\$282	\$277	\$257	11.3 %
BLUE GRASS ENERGY	272	248	244	249	254	7.1
CLARK ENERGY COOP	240	237	241	248	269	-10.8
CUMBERLAND VALLEY	259	264	240	205	201	28.9
FARMERS	259	223	238	250	243	6.6
FLEMING-MASON	280	294	298	263	260	7.7
GRAYSON	350	307	309	318	304	15.1
INTER-COUNTY	280	280	272	249	253	10.7
JACKSON ENERGY	301	300	269	275	254	18.5
LICKING VALLEY	260	250	252	236	223	16.6
NOLIN	342	327	306	351	337	1.5
OWEN	250	267	237	253	246	1.6
SALT RIVER ELECTRIC	196	187	191	215	201	-2.5
SHELBY ENERGY	258	280	276	297	280	-7.9
SOUTH KENTUCKY	262	251	235	231	242	8.3
TAYLOR COUNTY	<u>203</u>	<u>212</u>	<u>195</u>	<u>192</u>	<u>191</u>	<u>6.3</u>
<b>AVERAGE EKPC</b>	<b>\$269</b>	<b>\$262</b>	<b>\$255</b>	<b>\$256</b>	<b>\$250</b>	<b>7.6 %</b>
JACKSON PURCHASE	\$303	\$300	\$269	\$239	\$238	27.3 %
KENERGY	333	354	347	311	274	21.5
MEADE COUNTY	<u>251</u>	<u>250</u>	<u>247</u>	<u>245</u>	<u>224</u>	<u>12.1</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$295</b>	<b>\$301</b>	<b>\$288</b>	<b>\$265</b>	<b>\$245</b>	<b>20.4 %</b>
HICKMAN-FULTON	\$433	\$460	\$411	392	\$369	17.3 %
PENNYRILE	254	235	226	236	234	8.5
TRI-COUNTY	244	240	238	239	221	10.4
WARREN	310	302	294	289	263	17.9
WEST KENTUCKY	<u>331</u>	<u>313</u>	<u>329</u>	<u>288</u>	<u>284</u>	<u>16.5</u>
<b>AVERAGE TVA</b>	<b>\$314</b>	<b>\$309</b>	<b>\$300</b>	<b>\$289</b>	<b>\$274</b>	<b>14.6 %</b>
<b>OVERALL AVERAGE</b>	<b>\$281</b>	<b>\$276</b>	<b>\$270</b>	<b>\$264</b>	<b>\$255</b>	<b>10.2 %</b>

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**2007**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**DENSITY CONSUMERS PER MILE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>% CHANGE FROM 2003</u>
BIG SANDY	12.8	13.0	12.7	12.7	12.5	2.4 %
BLUE GRASS ENERGY	11.9	11.9	11.7	8.6	8.5	40.0 *
CLARK ENERGY COOP	8.7	8.6	8.6	8.6	8.5	2.4
CUMBERLAND VALLEY	9.1	9.1	9.1	10.1	9.9	-8.1
FARMERS	6.8	6.7	6.7	6.6	6.6	3.0
FLEMING-MASON	6.8	6.8	6.7	6.7	6.6	3.0
GRAYSON	6.4	6.4	6.3	6.3	6.2	3.2
INTER-COUNTY	6.9	7.0	7.0	7.1	7.1	-2.8
JACKSON ENERGY	9.1	9.1	9.0	9.0	9.0	1.1
LICKING VALLEY	9.0	8.0	8.0	8.0	8.3	8.4
NOLIN	10.8	10.8	10.5	10.4	10.2	5.9
OWEN	12.7	12.5	10.8	10.7	10.5	21.0 **
SALT RIVER ELECTRIC	11.7	11.7	11.5	11.4	11.2	4.5
SHELBY ENERGY	7.3	7.0	7.0	7.0	7.0	4.3
SOUTH KENTUCKY	9.5	9.5	9.4	9.4	9.4	1.1
TAYLOR COUNTY	<u>7.9</u>	<u>7.8</u>	<u>7.8</u>	<u>7.1</u>	<u>7.7</u>	<u>2.6</u>
<b>AVERAGE EKPC</b>	<b>9.3</b>	<b>9.2</b>	<b>9.0</b>	<b>8.8</b>	<b>8.7</b>	<b>6.9 %</b>
JACKSON PURCHASE	8.8	8.8	8.8	8.7	8.7	1.1 %
KENERGY	7.8	7.8	7.7	7.7	7.6	2.6
MEADE COUNTY	<u>9.3</u>	<u>9.2</u>	<u>9.2</u>	<u>9.1</u>	<u>9.1</u>	<u>2.2</u>
<b>AVERAGE BIG RIVERS</b>	<b>8.4</b>	<b>8.3</b>	<b>8.3</b>	<b>8.2</b>	<b>8.2</b>	<b>2.4 %</b>
HICKMAN-FULTON	5.5	5.5	5.5	5.5	5.5	0.0 %
PENNYRILE	9.2	9.1	9.1	9.0	8.9	3.4
TRI-COUNTY	9.2	9.1	9.2	9.1	9.1	1.1
WARREN	10.5	10.3	10.2	10.1	10.0	5.0
WEST KENTUCKY	<u>9.8</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>3.2</u>
<b>AVERAGE TVA</b>	<b>9.5</b>	<b>9.4</b>	<b>9.4</b>	<b>9.3</b>	<b>9.2</b>	<b>3.3 %</b>
<b>OVERALL AVERAGE</b>	<b>9.2</b>	<b>9.1</b>	<b>9.0</b>	<b>8.8</b>	<b>8.7</b>	<b>5.7 %</b>

\* NEW MAPPING SYSTEM INSTALLED IN 2005 - MORE ACCURATE COUNT

\*\* NEW MAPPING SYSTEM INSTALLED IN 2006 - MORE ACCURATE COUNT

**2007**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**MILES OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>% CHANGE FROM 2003</u>
BIG SANDY	1,022	1,016	1,012	1,003	1,001	2.1 %
BLUE GRASS ENERGY	4,535	4,487	4,440	5,912	5,847	-22.4 *
CLARK ENERGY COOP	2,982	2,966	2,935	2,900	2,865	4.1
CUMBERLAND VALLEY	2,577	2,559	2,529	2,503	2,479	4.0
FARMERS	3,513	3,481	3,447	3,416	3,382	3.9
FLEMING-MASON	3,483	3,456	3,421	3,386	3,346	4.1
GRAYSON	2,454	2,437	2,416	2,400	2,377	3.2
INTER-COUNTY	3,630	3,572	3,502	3,409	3,324	9.2
JACKSON ENERGY	5,652	5,621	5,597	5,552	5,486	3.0
LICKING VALLEY	2,020	2,014	2,006	2,002	1,991	1.5
NOLIN	2,917	2,841	2,841	2,802	2,763	5.6
OWEN	4,428	4,400	4,940	4,836	4,771	-7.2 **
SALT RIVER ELECTRIC	3,903	3,847	3,750	3,649	3,572	9.3
SHELBY ENERGY	2,065	2,025	2,008	1,978	1,952	5.8
SOUTH KENTUCKY	6,600	6,540	6,475	6,408	6,321	4.4
TAYLOR COUNTY	<u>3,150</u>	<u>3,135</u>	<u>3,094</u>	<u>3,067</u>	<u>3,038</u>	<u>3.7</u>
<b>TOTAL EKPC</b>	<b>54,931</b>	<b>54,397</b>	<b>54,413</b>	<b>55,223</b>	<b>54,515</b>	<b>0.8 %</b>
JACKSON PURCHASE	3,271	3,244	3,213	3,180	3,142	4.1 %
KENERGY	6,974	6,944	6,915	6,859	6,801	2.5
MEADE COUNTY	<u>2,959</u>	<u>2,937</u>	<u>2,893</u>	<u>2,866</u>	<u>2,821</u>	<u>4.9</u>
<b>TOTAL BIG RIVERS</b>	<b>13,204</b>	<b>13,125</b>	<b>13,021</b>	<b>12,905</b>	<b>12,764</b>	<b>3.4 %</b>
HICKMAN-FULTON	688	685	683	682	685	0.4 %
PENNYRILE	5,047	5,022	4,997	4,986	4,977	1.4
TRI-COUNTY	5,450	5,427	5,388	5,358	5,331	2.2
WARREN	5,584	5,556	5,504	5,449	5,418	3.1
WEST KENTUCKY	<u>3,881</u>	<u>3,970</u>	<u>3,940</u>	<u>3,908</u>	<u>3,878</u>	<u>0.1</u>
<b>TOTAL TVA</b>	<b>20,650</b>	<b>20,660</b>	<b>20,512</b>	<b>20,383</b>	<b>20,289</b>	<b>1.8 %</b>
<b>OVERALL TOTAL</b>	<b>88,785</b>	<b>88,182</b>	<b>87,946</b>	<b>88,511</b>	<b>87,568</b>	<b>1.4 %</b>

\* NEW MAPPING SYSTEM INSTALLED IN 2005 - MORE ACCURATE COUNT

\*\* NEW MAPPING SYSTEM INSTALLED IN 2006 - MORE ACCURATE COUNT

**2007  
KENTUCKY ELECTRIC COOPERATIVES  
TOTAL AVERAGE NUMBER OF CONSUMERS BILLED  
STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>% CHANGE FROM 2003</u>
BIG SANDY	13,138	13,089	12,888	12,705	12,509	5.0 %
BLUE GRASS ENERGY	54,021	53,175	52,068	50,774	49,421	9.3
CLARK ENERGY COOP	25,801	25,508	25,151	24,796	24,376	5.8
CUMBERLAND VALLEY	23,487	23,303	23,029	25,224	24,499	-4.1
FARMERS	23,729	23,377	23,013	22,680	22,238	6.7
FLEMING-MASON	23,687	23,364	22,993	22,580	22,122	7.1
GRAYSON	15,631	15,517	15,302	15,113	14,827	5.4
INTER-COUNTY	25,185	24,869	24,501	24,059	23,672	6.4
JACKSON ENERGY	51,244	50,884	50,438	49,926	49,336	3.9
LICKING VALLEY	17,272	17,085	16,921	16,794	16,597	4.1
NOLIN	31,422	30,649	29,780	29,050	28,301	11.0
OWEN	56,290	55,141	53,598	51,811	49,940	12.7
SALT RIVER ELECTRIC	45,453	44,979	42,997	41,458	39,876	14.0
SHELBY ENERGY	14,990	15,053	14,725	14,087	13,728	9.2
SOUTH KENTUCKY	62,408	61,869	60,922	60,128	59,081	5.6
TAYLOR COUNTY	<u>24,792</u>	<u>24,483</u>	<u>24,089</u>	<u>23,646</u>	<u>23,231</u>	<u>6.7</u>
<b>TOTAL EKPC</b>	<b>508,550</b>	<b>502,345</b>	<b>492,415</b>	<b>484,831</b>	<b>473,754</b>	<b>7.3 %</b>
JACKSON PURCHASE	28,747	28,461	28,105	27,704	27,343	5.1 %
KENERGY	54,337	53,860	53,264	52,592	51,869	4.8
MEADE COUNTY	<u>27,500</u>	<u>27,008</u>	<u>26,515</u>	<u>26,118</u>	<u>25,553</u>	<u>7.6</u>
<b>TOTAL BIG RIVERS</b>	<b>110,584</b>	<b>109,329</b>	<b>107,884</b>	<b>106,414</b>	<b>104,765</b>	<b>5.6 %</b>
HICKMAN-FULTON	3,770	3,736	3,739	3,752	3,766	0.1 %
PENNYRILE	46,393	45,877	45,367	44,653	44,028	5.4
TRI-COUNTY	50,223	49,561	49,308	48,867	48,483	3.6
WARREN	58,591	57,431	56,187	55,079	54,073	8.4
WEST KENTUCKY	<u>38,057</u>	<u>37,639</u>	<u>37,305</u>	<u>36,993</u>	<u>36,655</u>	<u>3.8</u>
<b>TOTAL TVA</b>	<b>197,034</b>	<b>194,244</b>	<b>191,906</b>	<b>189,344</b>	<b>187,005</b>	<b>5.4 %</b>
<b>OVERALL TOTAL</b>	<b>816,168</b>	<b>805,918</b>	<b>792,205</b>	<b>780,589</b>	<b>765,524</b>	<b>6.6 %</b>

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**2007**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER MILE OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>% CHANGE FROM 2003</u>
BIG SANDY	\$3,676	\$3,221	\$3,590	\$3,508	\$3,211	14.5 %
BLUE GRASS ENERGY	3,240	2,939	2,861	2,138	2,147	50.9 *
CLARK ENERGY COOP	2,077	2,038	2,065	2,120	2,290	-9.3
CUMBERLAND VALLEY	2,360	2,404	2,186	2,065	1,986	18.8
FARMERS	1,749	1,499	1,588	1,660	1,597	9.5
FLEMING-MASON	1,905	1,987	2,004	1,754	1,719	10.8
GRAYSON	2,229	1,954	1,957	2,003	1,896	17.6
INTER-COUNTY	1,943	1,950	1,904	1,757	1,801	7.9
JACKSON ENERGY	2,730	2,715	2,425	2,474	2,285	19.5
LICKING VALLEY	2,224	2,121	2,126	1,980	1,858	19.7
NOLIN	3,684	3,528	3,208	3,639	3,452	6.7
OWEN	3,178	3,346	2,572	2,711	2,575	23.4 **
SALT RIVER ELECTRIC	2,282	2,187	2,190	2,443	2,244	1.7
SHELBY ENERGY	1,872	2,081	2,024	2,115	1,970	-5.0
SOUTH KENTUCKY	2,477	2,375	2,211	2,167	2,263	9.5
TAYLOR COUNTY	<u>1,598</u>	<u>1,655</u>	<u>1,518</u>	<u>1,480</u>	<u>1,462</u>	<u>9.3</u>
<b>AVERAGE EKPC</b>	<b>\$2,451</b>	<b>\$2,374</b>	<b>\$2,277</b>	<b>\$2,251</b>	<b>\$2,172</b>	<b>12.8 %</b>
JACKSON PURCHASE	\$2,663	\$2,632	\$2,353	\$2,082	\$2,071	28.6 %
KENERGY	2,595	2,746	2,673	2,384	2,090	24.2
MEADE COUNTY	<u>2,334</u>	<u>2,300</u>	<u>2,264</u>	<u>2,233</u>	<u>2,028</u>	<u>15.1</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$2,531</b>	<b>\$2,560</b>	<b>\$2,430</b>	<b>\$2,233</b>	<b>\$2,064</b>	<b>22.6 %</b>
HICKMAN-FULTON	\$2,373	\$2,509	\$2,250	\$2,157	\$2,029	17.0 %
PENNYRILE	2,334	2,147	2,052	2,114	2,070	12.8
TRI-COUNTY	2,248	2,192	2,179	2,180	2,010	11.8
WARREN	3,251	3,122	3,002	2,921	2,626	23.8
WEST KENTUCKY	<u>3,246</u>	<u>2,966</u>	<u>3,115</u>	<u>2,726</u>	<u>2,684</u>	<u>20.9</u>
<b>AVERAGE TVA</b>	<b>\$2,691</b>	<b>\$2,587</b>	<b>\$2,519</b>	<b>\$2,420</b>	<b>\$2,284</b>	<b>17.8 %</b>
<b>OVERALL AVERAGE</b>	<b>\$2,512</b>	<b>\$2,443</b>	<b>\$2,347</b>	<b>\$2,284</b>	<b>\$2,182</b>	<b>15.1 %</b>

\* NEW MAPPING SYSTEM INSTALLED IN 2005 - MORE ACCURATE COUNT

\*\* NEW MAPPING SYSTEM INSTALLED IN 2006 - MORE ACCURATE COUNT



**2007**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL RESIDENTIAL REVENUES**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>% CHANGE FROM 2003</u>
BIG SANDY	\$15,853,498	\$14,192,128	\$13,672,178	11,398,809	10,605,561	49.5 %
BLUE GRASS ENERGY	68,578,375	61,513,915	59,969,633	49,545,080	45,288,666	51.4
CLARK ENERGY COOP	29,717,098	27,327,922	26,203,306	22,143,145	20,514,937	44.9
CUMBERLAND VALLEY	27,983,567	24,948,723	22,940,517	19,173,225	18,027,748	55.2
FARMERS	26,450,827	23,743,770	22,712,747	19,208,242	17,815,396	48.5
FLEMING-MASON	23,419,768	20,907,145	20,393,262	18,430,538	15,570,174	50.4
GRAYSON	18,131,615	16,223,795	16,244,690	13,861,532	13,068,736	38.7
INTER-COUNTY	33,391,723	28,203,005	27,321,723	24,142,722	22,880,567	45.9
JACKSON ENERGY	66,382,819	60,198,185	61,806,841	51,653,862	48,569,903	36.7
LICKING VALLEY	18,876,065	18,373,586	16,742,467	14,263,281	13,170,886	43.3
NOLIN	39,672,514	33,591,739	34,383,316	28,076,279	25,415,952	56.1
OWEN	66,458,715	58,817,668	55,724,664	47,113,587	42,680,828	55.7
SALT RIVER ELECTRIC	57,330,349	49,796,107	48,015,562	39,732,157	36,031,040	59.1
SHELBY ENERGY	19,684,110	17,784,401	17,533,652	14,268,131	13,127,239	49.9
SOUTH KENTUCKY	67,646,098	59,324,021	55,802,486	48,838,870	44,138,209	53.3
TAYLOR COUNTY	<u>25,472,592</u>	<u>22,725,012</u>	<u>22,031,517</u>	<u>19,056,126</u>	<u>18,004,463</u>	<u>41.5</u>
<b>TOTAL EKPC</b>	<b>\$605,049,733</b>	<b>\$537,671,122</b>	<b>\$521,498,561</b>	<b>440,905,586</b>	<b>404,910,305</b>	<b>49.4 %</b>
JACKSON PURCHASE	\$25,697,996	\$23,847,988	\$24,496,967	22,841,472	22,574,806	13.8 %
KENERGY	50,041,715	43,955,864	45,323,132	42,207,989	41,020,077	22.0
MEADE COUNTY	<u>21,982,113</u>	<u>20,297,372</u>	<u>20,436,215</u>	<u>18,944,590</u>	<u>18,213,337</u>	<u>20.7</u>
<b>TOTAL BIG RIVERS</b>	<b>\$97,721,824</b>	<b>\$88,101,224</b>	<b>\$90,256,314</b>	<b>83,994,051</b>	<b>81,808,220</b>	<b>19.5 %</b>
HICKMAN-FULTON	\$4,576,311	\$4,311,951	\$4,190,389	4,000,868	3,805,948	20.2 %
PENNYRILE	51,817,219	48,880,787	44,135,641	41,000,292	38,718,311	33.8
TRI-COUNTY	54,981,186	52,780,772	47,841,610	44,800,930	42,833,960	28.4
WARREN	69,955,053	64,825,495	60,315,980	55,933,218	52,358,896	33.6
WEST KENTUCKY	<u>45,691,877</u>	<u>41,190,556</u>	<u>38,609,978</u>	<u>35,207,258</u>	<u>34,117,587</u>	<u>33.9</u>
<b>TOTAL TVA</b>	<b>\$227,021,646</b>	<b>\$211,989,561</b>	<b>\$195,093,598</b>	<b>180,942,566</b>	<b>171,834,702</b>	<b>32.1 %</b>
<b>OVERALL TOTAL</b>	<b>\$929,793,203</b>	<b>\$837,761,907</b>	<b>\$806,848,473</b>	<b>705,842,203</b>	<b>658,553,227</b>	<b>41.2 %</b>

**KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE AND STATISTICAL COMPARISONS  
2007 - 2006 ANNUAL COMPARISON**

**AVERAGE EXPENSE PER CONSUMER  
EKPC**

	<u>2007</u>	<u>2006</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 60.00	\$ 57.00	\$ 3.00
DISTRIBUTION MAINTENANCE	\$ 81.00	\$ 80.00	\$ 1.00
ACCOUNTING	\$ 54.00	\$ 53.00	\$ 1.00
CONSUMER INFORMATION	\$ 11.00	\$ 10.00	\$ 1.00
ADMINISTRATION	\$ 63.00	\$ 62.00	\$ 1.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 269.00</b>	<b>\$ 262.00</b>	<b>\$ 7.00</b>

**AVERAGE EXPENSE PER CONSUMER  
TVA**

	<u>2007</u>	<u>2006</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 77.00	\$ 72.00	\$ 5.00
DISTRIBUTION MAINTENANCE	\$ 114.00	\$ 114.00	\$ -
ACCOUNTING	\$ 50.00	\$ 49.00	\$ 1.00
CONSUMER INFORMATION	\$ 10.00	\$ 8.00	\$ 2.00
ADMINISTRATION	\$ 63.00	\$ 66.00	\$ (3.00)
<b>TOTAL PER CONSUMER</b>	<b>\$ 314.00</b>	<b>\$ 309.00</b>	<b>\$ 5.00</b>

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	1,218	1,221	(3)
MILES OF LINE	54,931	54,397	534
CONSUMERS BILLED	508,550	502,345	6,205
MILES OF LINE PER EMPLOYEE	45.2	44.7	0.5
CONSUMER PER EMPLOYEE	418	413	5
DENSITY CONSUMERS PER MILE	9.3	9.2	0.1

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	513	507	6
MILES OF LINE	20,650	20,660	(10)
CONSUMERS BILLED	197,034	194,244	2,790
MILES OF LINE PER EMPLOYEE	40.1	40.9	(0.8)
CONSUMER PER EMPLOYEE	383	385	(2)
DENSITY CONSUMERS PER MILE	9.5	9.4	0.1

**AVERAGE EXPENSE PER CONSUMER  
BIG RIVERS**

	<u>2007</u>	<u>2006</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 69.00	\$ 70.00	\$ (1.00)
DISTRIBUTION MAINTENANCE	\$ 118.00	\$ 121.00	\$ (3.00)
ACCOUNTING	\$ 45.00	\$ 44.00	\$ 1.00
CONSUMER INFORMATION	\$ 8.00	\$ 8.00	\$ -
ADMINISTRATION	\$ 55.00	\$ 58.00	\$ (3.00)
<b>TOTAL PER CONSUMER</b>	<b>\$ 295.00</b>	<b>\$ 301.00</b>	<b>\$ (6.00)</b>

**AVERAGE EXPENSE PER CONSUMER  
OVERALL AVERAGE**

	<u>2007</u>	<u>2006</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 65.00	\$ 62.00	\$ 3.00
DISTRIBUTION MAINTENANCE	\$ 92.00	\$ 92.00	\$ -
ACCOUNTING	\$ 52.00	\$ 51.00	\$ 1.00
CONSUMER INFORMATION	\$ 10.00	\$ 9.00	\$ 1.00
ADMINISTRATION	\$ 62.00	\$ 62.00	\$ -
<b>TOTAL PER CONSUMER</b>	<b>\$ 281.00</b>	<b>\$ 276.00</b>	<b>\$ 5.00</b>

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	301	301	0
MILES OF LINE	13,204	13,125	79
CONSUMERS BILLED	110,584	109,329	1,255
MILES OF LINE PER EMPLOYEE	44.0	43.8	0.2
CONSUMER PER EMPLOYEE	369	364	5
DENSITY CONSUMERS PER MILE	8.4	8.3	0.1

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	2,032	2,029	3
MILES OF LINE	88,785	88,182	603
CONSUMERS BILLED	816,168	805,918	10,250
MILES OF LINE PER EMPLOYEE	43.5	43.2	0.3
CONSUMER PER EMPLOYEE	400	395	5
DENSITY CONSUMERS PER MILE	9.2	9.1	0.1

2007  
**KENTUCKY ELECTRIC COOPERATIVES**  
**OPERATING EXPENSE STATISTICAL COMPARISONS**  
**AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV
BIG SANDY RECC	578	1,067	1,645	643	90	1,298	3,676	44	1,022	12,019	15,853,498	109.9
BLUE GRASS ENERGY COOP	608	965	1,573	524	226	917	3,240	114	4,535	51,794	68,578,375	110.3
CLARK ENERGY COOP	493	832	1,125	450	61	441	2,077	51	2,962	24,152	29,717,098	102.5
CUMBERLAND VALLEY ELECTRIC	437	802	1,239	592	64	465	2,360	56	2,577	22,021	27,983,567	105.9
FARMERS RECC	236	642	876	331	81	459	1,749	68	3,513	22,045	26,450,827	100.0
FLEMING-MASON ENERGY	374	653	1,027	456	48	374	1,905	52	3,483	16,627	23,419,768	110.7
GRAYSON RECC	414	828	1,242	357	89	541	2,229	44	2,454	14,342	18,131,615	105.4
INTER-COUNTY ENERGY	506	382	888	451	132	472	1,943	62	3,630	23,892	33,391,723	116.5
JACKSON ENERGY COOP	644	798	1,442	571	82	635	2,730	130	5,652	47,615	66,382,819	116.2
LICKING VALLEY RECC	633	701	1,334	368	60	482	2,224	45	2,020	16,126	18,876,065	97.6
NOLIN RECC	948	1,045	1,993	636	215	840	3,684	92	2,917	28,324	39,672,514	116.7
OWEN EC	890	725	1,615	788	89	686	3,178	138	4,428	54,003	66,458,715	102.6
SALT RIVER ELECTRIC	524	524	1,048	512	93	629	2,282	75	3,903	42,663	57,330,349	112.0
SHELBY ENERGY COOP	552	566	1,118	370	65	319	1,872	31	2,065	14,424	19,684,110	113.7
SOUTH KENTUCKY RECC	492	832	1,324	520	113	520	2,477	157	6,600	57,508	67,646,098	98.0
TAYLOR COUNTY RECC	441	441	882	307	39	370	1,598	59	3,150	22,031	25,472,592	96.4
<b>EKPC GROUP AVERAGE</b>	<b>548</b>	<b>725</b>	<b>1,273</b>	<b>492</b>	<b>97</b>	<b>589</b>	<b>2,451</b>	<b>76</b>	<b>3,433</b>	<b>29,412</b>	<b>37,815,608</b>	<b>107.1</b>
JACKSON PURCHASE ENERGY	580	1,037	1,617	343	88	615	2,663	79	3,271	25,782	26,697,996	83.1
KENERGY CORP	561	1,169	1,730	405	47	413	2,585	156	6,974	44,758	50,041,715	93.2
MEADE COUNTY RECC	632	809	1,441	409	84	400	2,334	66	2,859	25,453	21,982,113	72.0
<b>BIG RIVERS GROUP AVERAGE</b>	<b>591</b>	<b>1,095</b>	<b>1,596</b>	<b>386</b>	<b>73</b>	<b>476</b>	<b>2,531</b>	<b>100</b>	<b>4,401</b>	<b>31,998</b>	<b>32,573,941</b>	<b>84.8</b>
HICKMAN-FULTON COUNTIES RECC	477	1,118	1,595	241	49	488	2,373	16	688	2,954	4,576,311	129.1
PENNYRILE RECC	689	643	1,332	395	83	524	2,334	123	5,047	37,057	51,817,219	116.5
TRI-COUNTY EMC	746	590	1,336	452	101	359	2,248	139	5,450	40,763	54,981,186	112.4
WARREN RECC	776	881	1,657	556	157	881	3,251	151	5,584	48,774	69,955,053	119.5
WEST KENTUCKY RECC	677	1,461	2,138	608	59	441	3,246	84	3,881	30,694	45,691,877	124.1
<b>TVA GROUP AVERAGE</b>	<b>673</b>	<b>939</b>	<b>1,612</b>	<b>450</b>	<b>90</b>	<b>539</b>	<b>2,691</b>	<b>103</b>	<b>4,130</b>	<b>32,048</b>	<b>45,404,329</b>	<b>118.1</b>
<b>OVERALL AVERAGE</b>	<b>580</b>	<b>805</b>	<b>1,385</b>	<b>470</b>	<b>92</b>	<b>565</b>	<b>2,512</b>	<b>85</b>	<b>3,699</b>	<b>30,284</b>	<b>38,741,383</b>	<b>106.6</b>

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2007  
**KENTUCKY ELECTRIC COOPERATIVES**  
**OPERATING EXPENSE STATISTICAL COMPARISONS**  
**AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	45	83	128	50	7	101	286	44	1,022	13,138	23.2	298	12.8
BLUE GRASS ENERGY COOP	51	81	132	44	19	77	272	114	4,535	54,021	39.8	474	11.9
CLARK ENERGY COOP	57	73	130	52	7	51	240	51	2,982	25,801	58.5	506	8.7
CUMBERLAND VALLEY ELECTRIC	48	88	136	65	7	51	259	56	2,577	23,487	46.0	419	9.1
FARMERS RECC	35	95	130	49	12	68	259	68	3,513	23,729	52.0	349	6.8
FLEMING-MASON ENERGY	55	96	151	67	7	55	280	52	3,483	23,687	67.0	456	6.8
GRAYSON RECC	65	130	195	56	14	85	350	44	2,454	15,631	55.8	355	6.4
INTER-COUNTY ENERGY	73	55	128	65	19	68	280	62	3,630	25,185	58.6	406	6.9
JACKSON ENERGY COOP	71	88	159	63	9	70	301	130	5,652	51,244	43.5	394	9.1
LICKING VALLEY RECC	74	82	156	43	7	54	260	45	2,020	17,272	45.0	384	9.0
NOLIN RECC	88	97	185	59	20	78	342	92	2,917	31,422	31.7	342	10.8
OWEN EC	70	57	127	62	7	54	250	138	4,428	56,290	32.1	408	12.7
SALT RIVER ELECTRIC	45	45	90	44	8	54	196	75	3,903	45,483	52.0	606	11.7
SHELBY ENERGY COOP	76	78	154	51	9	44	258	31	2,065	14,990	66.6	484	7.3
SOUTH KENTUCKY RECC	52	88	140	55	12	55	262	157	6,600	62,408	42.0	398	9.5
TAYLOR COUNTY RECC	56	56	112	39	5	47	203	59	3,150	24,792	53.4	420	7.9
EKPC GROUP AVERAGE	60	81	141	54	11	63	289	76	3,433	31,784	45.2	418	9.3
JACKSON PURCHASE ENERGY	66	118	184	39	10	70	303	79	3,271	28,747	41.4	364	8.8
KENERGY CORP	72	150	222	52	6	53	333	156	6,974	54,337	44.7	348	7.8
MEADE COUNTY RECC	68	87	155	44	9	43	251	66	2,959	27,500	45.0	417	9.3
BIG RIVERS GROUP AVERAGE	69	118	187	45	8	55	295	100	4,401	36,861	44.0	369	8.4
HICKMAN-FULTON COUNTIES RECC	87	204	291	44	9	69	433	16	688	3,770	43.0	236	5.5
PENNYRILE RECC	75	70	145	43	9	57	254	123	5,047	46,393	41.0	377	9.2
TRI-COUNTY EMC	81	64	145	49	11	39	244	139	5,450	50,223	39.2	361	9.2
WARREN RECC	74	84	158	53	15	84	310	151	5,584	58,591	37.0	388	10.5
WEST KENTUCKY RECC	69	149	218	62	6	45	331	84	3,881	38,057	46.2	453	9.6
TVA GROUP AVERAGE	77	114	191	50	10	63	314	103	4,130	39,407	40.1	383	9.5
OVERALL AVERAGE	65	92	157	52	10	62	281	85	3,699	34,007	43.5	400	9.2

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**2006**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER CONSUMER**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>% CHANGE FROM 2002</u>
BIG SANDY	\$250	\$282	\$277	\$257	\$234	6.8 %
BLUE GRASS ENERGY	248	244	249	254	240	3.3
CLARK ENERGY COOP	237	241	248	269	237	0.0
CUMBERLAND VALLEY	264	240	205	201	198	33.3
FARMERS	223	238	250	243	232	-3.9
FLEMING-MASON	294	298	263	260	258	14.0
GRAYSON	307	309	318	304	269	14.1
INTER-COUNTY	280	272	249	253	237	18.1
JACKSON ENERGY	300	269	275	254	235	27.7
LICKING VALLEY	250	252	236	223	225	11.1
NOLIN	327	306	351	337	291	12.4
OWEN	267	237	253	246	240	11.3
SALT RIVER ELECTRIC	187	191	215	201	179	4.5
SHELBY ENERGY	280	276	297	280	262	6.9
SOUTH KENTUCKY	251	235	231	242	232	8.2
TAYLOR COUNTY	<u>212</u>	<u>195</u>	<u>192</u>	<u>191</u>	<u>188</u>	<u>12.8</u>
<b>AVERAGE EKPC</b>	<b>\$262</b>	<b>\$255</b>	<b>\$256</b>	<b>\$250</b>	<b>\$235</b>	<b>11.5 %</b>
JACKSON PURCHASE	\$300	\$269	\$239	\$238	\$220	36.4 %
KENERGY	354	347	311	274	250	41.6
MEADE COUNTY	<u>250</u>	<u>247</u>	<u>245</u>	<u>224</u>	<u>211</u>	<u>18.5</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$301</b>	<b>\$288</b>	<b>\$265</b>	<b>\$245</b>	<b>\$226</b>	<b>33.2 %</b>
HICKMAN-FULTON	\$460	\$411	392	\$369	\$382	20.4 %
PENNYRILE	235	226	236	234	248	-5.2
TRI-COUNTY	240	238	239	221	215	11.6
WARREN	302	294	289	263	257	17.5
WEST KENTUCKY	<u>313</u>	<u>329</u>	<u>288</u>	<u>284</u>	<u>276</u>	<u>13.4</u>
<b>AVERAGE TVA</b>	<b>\$309</b>	<b>\$300</b>	<b>\$289</b>	<b>\$274</b>	<b>\$276</b>	<b>12.0 %</b>
<b>OVERALL AVERAGE</b>	<b>\$276</b>	<b>\$270</b>	<b>\$264</b>	<b>\$255</b>	<b>\$242</b>	<b>14.0 %</b>

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**2006**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**DENSITY CONSUMERS PER MILE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>% CHANGE</u>	
					<u>2002</u>	<u>FROM 2002</u>
BIG SANDY	13.0	12.7	12.7	12.5	12.4	4.8 %
BLUE GRASS ENERGY	11.9	11.7	8.6	8.5	8.3	43.4 *
CLARK ENERGY COOP	8.6	8.6	8.6	8.5	8.4	2.4
CUMBERLAND VALLEY	9.1	9.1	10.1	9.9	9.7	-6.2
FARMERS	6.7	6.7	6.6	6.6	6.5	3.1
FLEMING-MASON	6.8	6.7	6.7	6.6	6.6	3.0
GRAYSON	6.4	6.3	6.3	6.2	6.2	3.2
INTER-COUNTY	7.0	7.0	7.1	7.1	7.1	-1.4
JACKSON ENERGY	9.1	9.0	9.0	9.0	9.0	1.1
LICKING VALLEY	8.0	8.0	8.0	8.3	8.0	0.0
NOLIN	10.8	10.5	10.4	10.2	10.2	5.9
OWEN	12.5	10.8	10.7	10.5	10.2	22.5 **
SALT RIVER ELECTRIC	11.7	11.5	11.4	11.2	11.0	6.4
SHELBY ENERGY	7.0	7.0	7.0	7.0	7.0	0.0
SOUTH KENTUCKY	9.5	9.4	9.4	9.4	9.3	2.2
TAYLOR COUNTY	<u>7.8</u>	<u>7.8</u>	<u>7.1</u>	<u>7.7</u>	<u>7.6</u>	<u>2.6</u>
<b>AVERAGE EKPC</b>	<b>9.2</b>	<b>9.0</b>	<b>8.8</b>	<b>8.7</b>	<b>8.6</b>	<b>7.0 %</b>
JACKSON PURCHASE	8.8	8.8	8.7	8.7	8.7	1.1 %
KENERGY	7.8	7.7	7.7	7.6	7.6	2.6
MEADE COUNTY	<u>9.2</u>	<u>9.2</u>	<u>9.1</u>	<u>9.1</u>	<u>9.0</u>	<u>2.2</u>
<b>AVERAGE BIG RIVERS</b>	<b>8.3</b>	<b>8.3</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>1.2 %</b>
HICKMAN-FULTON	5.5	5.5	5.5	5.5	5.5	0.0 %
PENNYRILE	9.1	9.1	9.0	8.9	8.9	2.2
TRI-COUNTY	9.1	9.2	9.1	9.1	9.1	0.0
WARREN	10.3	10.2	10.1	10.0	9.9	4.0
WEST KENTUCKY	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>	<u>9.4</u>	<u>1.1</u>
<b>AVERAGE TVA</b>	<b>9.4</b>	<b>9.4</b>	<b>9.3</b>	<b>9.2</b>	<b>9.2</b>	<b>2.2 %</b>
<b>OVERALL AVERAGE</b>	<b>9.1</b>	<b>9.0</b>	<b>8.8</b>	<b>8.7</b>	<b>8.7</b>	<b>4.6 %</b>

\* NEW MAPPING SYSTEM INSTALLED IN 2005 - MORE ACCURATE COUNT  
 \*\* NEW MAPPING SYSTEM INSTALLED IN 2006 - MORE ACCURATE COUNT

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**2006**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**MILES OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>% CHANGE FROM 2002</u>
BIG SANDY	1,016	1,012	1,003	1,001	998	1.8 %
BLUE GRASS ENERGY	4,487	4,440	5,912	5,847	5,794	-22.6 *
CLARK ENERGY COOP	2,966	2,935	2,900	2,865	2,845	4.3
CUMBERLAND VALLEY	2,559	2,529	2,503	2,479	2,447	4.6
FARMERS	3,481	3,447	3,416	3,382	3,348	4.0
FLEMING-MASON	3,456	3,421	3,386	3,346	3,311	4.4
GRAYSON	2,437	2,416	2,400	2,377	2,358	3.4
INTER-COUNTY	3,572	3,502	3,409	3,324	3,276	9.0
JACKSON ENERGY	5,621	5,597	5,552	5,486	5,437	3.4
LICKING VALLEY	2,014	2,006	2,002	1,991	1,976	1.9
NOLIN	2,841	2,841	2,802	2,763	2,722	4.4
OWEN	4,400	4,940	4,836	4,771	4,690	-6.2 **
SALT RIVER ELECTRIC	3,847	3,750	3,649	3,572	3,497	10.0
SHELBY ENERGY	2,025	2,008	1,978	1,952	1,929	5.0
SOUTH KENTUCKY	6,540	6,475	6,408	6,321	6,234	4.9
TAYLOR COUNTY	<u>3,135</u>	<u>3,094</u>	<u>3,067</u>	<u>3,038</u>	<u>3,006</u>	<u>4.3</u>
<b>TOTAL EKPC</b>	<b>54,397</b>	<b>54,413</b>	<b>55,223</b>	<b>54,515</b>	<b>53,868</b>	<b>1.0 %</b>
JACKSON PURCHASE	3,244	3,213	3,180	3,142	3108	4.4 %
KENERGY	6,944	6,915	6,859	6,801	6739	3.0
MEADE COUNTY	<u>2,937</u>	<u>2,893</u>	<u>2,866</u>	<u>2,821</u>	<u>2792</u>	<u>5.2</u>
<b>TOTAL BIG RIVERS</b>	<b>13,125</b>	<b>13,021</b>	<b>12,905</b>	<b>12,764</b>	<b>12,639</b>	<b>3.8 %</b>
HICKMAN-FULTON	685	683	682	685	688	-0.4 %
PENNYRILE	5,022	4,997	4,986	4,977	4,971	1.0
TRI-COUNTY	5,427	5,388	5,358	5,331	5,299	2.4
WARREN	5,556	5,504	5,449	5,418	5,378	3.3
WEST KENTUCKY	<u>3,970</u>	<u>3,940</u>	<u>3,908</u>	<u>3,878</u>	<u>3,855</u>	<u>3.0</u>
<b>TOTAL TVA</b>	<b>20,660</b>	<b>20,512</b>	<b>20,383</b>	<b>20,289</b>	<b>20,191</b>	<b>2.3 %</b>
<b>OVERALL TOTAL</b>	<b>88,182</b>	<b>87,946</b>	<b>88,511</b>	<b>87,568</b>	<b>86,698</b>	<b>1.7 %</b>

\* NEW MAPPING SYSTEM INSTALLED IN 2005 - MORE ACCURATE COUNT

\*\* NEW MAPPING SYSTEM INSTALLED IN 2006 - MORE ACCURATE COUNT

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**2006**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL AVERAGE NUMBER OF CONSUMERS BILLED**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>% CHANGE FROM 2002</u>
BIG SANDY	13,089	12,888	12,705	12,509	12,375	5.8 %
BLUE GRASS ENERGY	53,175	52,068	50,774	49,421	48,347	10.0
CLARK ENERGY COOP	25,508	25,151	24,796	24,376	23,977	6.4
CUMBERLAND VALLEY	23,303	23,029	25,224	24,499	23,776	-2.0
FARMERS	23,377	23,013	22,680	22,238	21,861	6.9
FLEMING-MASON	23,364	22,993	22,580	22,122	21,762	7.4
GRAYSON	15,517	15,302	15,113	14,827	14,673	5.8
INTER-COUNTY	24,869	24,501	24,059	23,672	23,220	7.1
JACKSON ENERGY	50,884	50,438	49,926	49,336	48,989	3.9
LICKING VALLEY	17,085	16,921	16,794	16,597	16,345	4.5
NOLIN	30,649	29,780	29,050	28,301	27,628	10.9
OWEN	55,141	53,598	51,811	49,940	47,741	15.5
SALT RIVER ELECTRIC	44,979	42,997	41,458	39,876	38,574	16.6
SHELBY ENERGY	15,053	14,725	14,087	13,728	13,395	12.4
SOUTH KENTUCKY	61,869	60,922	60,128	59,081	58,058	6.6
TAYLOR COUNTY	<u>24,483</u>	<u>24,089</u>	<u>23,646</u>	<u>23,231</u>	<u>22,802</u>	<u>7.4</u>
<b>TOTAL EKPC</b>	<b>502,345</b>	<b>492,415</b>	<b>484,831</b>	<b>473,754</b>	<b>463,523</b>	<b>8.4 %</b>
JACKSON PURCHASE	28,461	28,105	27,704	27,343	27,086	5.1 %
KENERGY	53,860	53,264	52,592	51,869	51,314	5.0
MEADE COUNTY	<u>27,008</u>	<u>26,515</u>	<u>26,118</u>	<u>25,553</u>	<u>25,084</u>	<u>7.7</u>
<b>TOTAL BIG RIVERS</b>	<b>109,329</b>	<b>107,884</b>	<b>106,414</b>	<b>104,765</b>	<b>103,484</b>	<b>5.6 %</b>
HICKMAN-FULTON	3,736	3,739	3,752	3,766	3,770	-0.9 %
PENNYRILE	45,877	45,367	44,653	44,028	44,021	4.2
TRI-COUNTY	49,561	49,308	48,867	48,483	48,290	2.6
WARREN	57,431	56,187	55,079	54,073	53,239	7.9
WEST KENTUCKY	<u>37,639</u>	<u>37,305</u>	<u>36,993</u>	<u>36,655</u>	<u>36,313</u>	<u>3.7</u>
<b>TOTAL TVA</b>	<b>194,244</b>	<b>191,906</b>	<b>189,344</b>	<b>187,005</b>	<b>185,633</b>	<b>4.6 %</b>
<b>OVERALL TOTAL</b>	<b>805,918</b>	<b>792,205</b>	<b>780,589</b>	<b>765,524</b>	<b>752,640</b>	<b>7.1 %</b>



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**2006**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**AVERAGE EXPENSE PER MILE OF LINE**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>% CHANGE FROM 2002</u>
BIG SANDY	\$3,221	\$3,590	\$3,508	\$3,211	\$2,902	11.0 %
BLUE GRASS ENERGY	2,939	2,861	2,138	2,147	2,002	46.8 *
CLARK ENERGY COOP	2,038	2,065	2,120	2,290	1,998	2.0
CUMBERLAND VALLEY	2,404	2,186	2,065	1,986	1,924	24.9
FARMERS	1,499	1,588	1,660	1,597	1,515	-1.1
FLEMING-MASON	1,987	2,004	1,754	1,719	1,695	17.2
GRAYSON	1,954	1,957	2,003	1,896	1,674	16.7
INTER-COUNTY	1,950	1,904	1,757	1,801	1,679	16.1
JACKSON ENERGY	2,715	2,425	2,474	2,285	2,119	28.1
LICKING VALLEY	2,121	2,126	1,980	1,858	1,860	14.0
NOLIN	3,528	3,208	3,639	3,452	2,953	19.5
OWEN	3,346	2,572	2,711	2,575	2,443	37.0 **
SALT RIVER ELECTRIC	2,187	2,190	2,443	2,244	1,974	10.8
SHELBY ENERGY	2,081	2,024	2,115	1,970	1,818	14.5
SOUTH KENTUCKY	2,375	2,211	2,167	2,263	2,160	10.0
TAYLOR COUNTY	<u>1,655</u>	<u>1,518</u>	<u>1,480</u>	<u>1,462</u>	<u>1,426</u>	<u>16.1</u>
<b>AVERAGE EKPC</b>	<b>\$2,374</b>	<b>\$2,277</b>	<b>\$2,251</b>	<b>\$2,172</b>	<b>\$2,010</b>	<b>18.1 %</b>
JACKSON PURCHASE	\$2,632	\$2,353	\$2,082	\$2,071	\$1,918	37.2 %
KENERGY	2,746	2,673	2,384	2,090	1,904	44.2
MEADE COUNTY	<u>2,300</u>	<u>2,264</u>	<u>2,233</u>	<u>2,028</u>	<u>1,895</u>	<u>21.4</u>
<b>AVERAGE BIG RIVERS</b>	<b>\$2,560</b>	<b>\$2,430</b>	<b>\$2,233</b>	<b>\$2,064</b>	<b>\$1,905</b>	<b>34.4 %</b>
HICKMAN-FULTON	\$2,509	\$2,250	\$2,157	\$2,029	\$2,092	19.9 %
PENNYRILE	2,147	2,052	2,114	2,070	2,196	-2.2
TRI-COUNTY	2,192	2,179	2,180	2,010	1,960	11.8
WARREN	3,122	3,002	2,921	2,626	2,544	22.7
WEST KENTUCKY	<u>2,966</u>	<u>3,115</u>	<u>2,726</u>	<u>2,684</u>	<u>2,600</u>	<u>14.1</u>
<b>AVERAGE TVA</b>	<b>\$2,587</b>	<b>\$2,519</b>	<b>\$2,420</b>	<b>\$2,284</b>	<b>\$2,279</b>	<b>13.5 %</b>
<b>OVERALL AVERAGE</b>	<b>\$2,443</b>	<b>\$2,347</b>	<b>\$2,284</b>	<b>\$2,182</b>	<b>\$2,053</b>	<b>19.0 %</b>

\* NEW MAPPING SYSTEM INSTALLED IN 2005 - MORE ACCURATE COUNT

\*\* NEW MAPPING SYSTEM INSTALLED IN 2006 - MORE ACCURATE COUNT

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**2006**  
**KENTUCKY ELECTRIC COOPERATIVES**  
**TOTAL RESIDENTIAL REVENUES**  
**STATISTICAL COMPARISONS**

<u>COOPERATIVE</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>% CHANGE FROM 2002</u>
BIG SANDY	\$14,192,128	\$13,672,178	11,398,809	10,605,561	10,231,337	38.7 %
BLUE GRASS ENERGY	61,513,915	59,969,633	49,545,080	45,288,666	43,124,978	42.6
CLARK ENERGY COOP	27,327,922	26,203,306	22,143,145	20,514,937	19,972,264	36.8
CUMBERLAND VALLEY	24,948,723	22,940,517	19,173,225	18,027,748	17,538,916	42.2
FARMERS	23,743,770	22,712,747	19,208,242	17,815,396	17,159,247	38.4
FLEMING-MASON	20,907,145	20,393,262	18,430,538	15,570,174	16,016,228	30.5
GRAYSON	16,223,795	16,244,690	13,861,532	13,068,736	12,765,519	27.1
INTER-COUNTY	28,203,005	27,321,723	24,142,722	22,880,567	26,098,342	8.1
JACKSON ENERGY	60,198,185	61,806,841	51,653,862	48,569,903	47,136,342	27.7
LICKING VALLEY	18,373,586	16,742,467	14,263,281	13,170,886	12,863,499	42.8
NOLIN	33,591,739	34,383,316	28,076,279	25,415,952	24,859,471	35.1
OWEN	58,817,668	55,724,664	47,113,587	42,680,828	40,989,542	43.5
SALT RIVER ELECTRIC	49,796,107	48,015,562	39,732,157	36,031,040	34,606,956	43.9
SHELBY ENERGY	17,784,401	17,533,652	14,268,131	13,127,239	12,741,343	39.6
SOUTH KENTUCKY	59,324,021	55,802,486	48,838,870	44,138,209	42,397,806	39.9
TAYLOR COUNTY	<u>22,725,012</u>	<u>22,031,517</u>	<u>19,056,126</u>	<u>18,004,463</u>	<u>16,954,626</u>	<u>34.0</u>
<b>TOTAL EKPC</b>	<b>\$537,671,122</b>	<b>\$521,498,561</b>	<b>440,905,586</b>	<b>404,910,305</b>	<b>395,455,416</b>	<b>36.0 %</b>
JACKSON PURCHASE	\$23,847,988	\$24,496,967	22,841,472	22,574,806	23,112,041	3.2 %
KENERGY	43,955,864	45,323,132	42,207,989	41,020,077	41,918,818	4.9
MEADE COUNTY	<u>20,297,372</u>	<u>20,436,215</u>	<u>18,944,590</u>	<u>18,213,337</u>	<u>18,036,885</u>	<u>12.5</u>
<b>TOTAL BIG RIVERS</b>	<b>\$88,101,224</b>	<b>\$90,256,314</b>	<b>83,994,051</b>	<b>81,808,220</b>	<b>83,067,744</b>	<b>6.1 %</b>
HICKMAN-FULTON	\$4,311,951	\$4,190,389	4,000,868	3,805,948	3,604,578	19.6 %
PENNYRILE	48,880,787	44,135,641	41,000,292	38,718,311	37,873,562	29.1
TRI-COUNTY	52,780,772	47,841,610	44,800,930	42,833,960	41,365,737	27.6
WARREN	64,825,495	60,315,980	55,933,218	52,358,896	51,327,632	26.3
WEST KENTUCKY	<u>41,190,556</u>	<u>38,609,978</u>	<u>35,207,258</u>	<u>34,117,587</u>	<u>34,460,472</u>	<u>19.5</u>
<b>TOTAL TVA</b>	<b>\$211,989,561</b>	<b>\$195,093,598</b>	<b>180,942,566</b>	<b>171,834,702</b>	<b>168,631,981</b>	<b>25.7 %</b>
<b>OVERALL TOTAL</b>	<b>\$837,761,907</b>	<b>\$806,848,473</b>	<b>705,842,203</b>	<b>658,553,227</b>	<b>647,155,141</b>	<b>29.5 %</b>

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**KENTUCKY ELECTRIC COOPERATIVES  
OPERATING EXPENSE AND STATISTICAL COMPARISONS  
2006 - 2005 ANNUAL COMPARISON**

**AVERAGE EXPENSE PER CONSUMER  
EKPC**

	<u>2006</u>	<u>2005</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 57.00	\$ 57.00	\$ -
DISTRIBUTION MAINTENANCE	\$ 80.00	\$ 77.00	\$ 3.00
ACCOUNTING	\$ 53.00	\$ 50.00	\$ 3.00
CONSUMER INFORMATION	\$ 10.00	\$ 10.00	\$ -
ADMINISTRATION	\$ 62.00	\$ 61.00	\$ 1.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 262.00</b>	<b>\$ 255.00</b>	<b>\$ 7.00</b>

**AVERAGE EXPENSE PER CONSUMER  
TVA**

	<u>2006</u>	<u>2005</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 72.00	\$ 72.00	\$ -
DISTRIBUTION MAINTENANCE	\$ 114.00	\$ 106.00	\$ 8.00
ACCOUNTING	\$ 49.00	\$ 50.00	\$ (1.00)
CONSUMER INFORMATION	\$ 8.00	\$ 9.00	\$ (1.00)
ADMINISTRATION	\$ 66.00	\$ 63.00	\$ 3.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 309.00</b>	<b>\$ 300.00</b>	<b>\$ 9.00</b>

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	1,221	1,204	17
MILES OF LINE	54,397	54,413	(16)
CONSUMERS BILLED	502,345	492,415	9,930
MILES OF LINE PER EMPLOYEE	44.7	45.3	(0.6)
CONSUMER PER EMPLOYEE	413	410	3
DENSITY CONSUMERS PER MILE	9.2	9.0	0.2

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	507	518	(11)
MILES OF LINE	20,660	20,512	148
CONSUMERS BILLED	194,244	191,906	2,338
MILES OF LINE PER EMPLOYEE	40.9	39.4	1.5
CONSUMER PER EMPLOYEE	385	369	16
DENSITY CONSUMERS PER MILE	9.4	9.4	0.0

**AVERAGE EXPENSE PER CONSUMER  
BIG RIVERS**

	<u>2006</u>	<u>2005</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 70.00	\$ 64.00	\$ 6.00
DISTRIBUTION MAINTENANCE	\$ 121.00	\$ 116.00	\$ 5.00
ACCOUNTING	\$ 44.00	\$ 46.00	\$ (2.00)
CONSUMER INFORMATION	\$ 8.00	\$ 8.00	\$ -
ADMINISTRATION	\$ 58.00	\$ 54.00	\$ 4.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 301.00</b>	<b>\$ 288.00</b>	<b>\$ 13.00</b>

**AVERAGE EXPENSE PER CONSUMER  
OVERALL AVERAGE**

	<u>2006</u>	<u>2005</u>	<u>CHANGE</u>
DISTRIBUTION OPERATION	\$ 62.00	\$ 61.00	\$ 1.00
DISTRIBUTION MAINTENANCE	\$ 92.00	\$ 88.00	\$ 4.00
ACCOUNTING	\$ 51.00	\$ 50.00	\$ 1.00
CONSUMER INFORMATION	\$ 9.00	\$ 10.00	\$ (1.00)
ADMINISTRATION	\$ 62.00	\$ 61.00	\$ 1.00
<b>TOTAL PER CONSUMER</b>	<b>\$ 276.00</b>	<b>\$ 270.00</b>	<b>\$ 6.00</b>

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	301	295	6
MILES OF LINE	13,125	13,021	104
CONSUMERS BILLED	109,329	107,884	1,445
MILES OF LINE PER EMPLOYEE	43.8	44.3	(0.5)
CONSUMER PER EMPLOYEE	364	367	(3)
DENSITY CONSUMERS PER MILE	8.3	8.3	0.0

**OTHER STATISTICAL INFORMATION**

NUMBER OF EMPLOYEES	2,029	2,017	12
MILES OF LINE	88,182	87,946	236
CONSUMERS BILLED	805,918	792,205	13,713
MILES OF LINE PER EMPLOYEE	43.2	43.6	(0.4)
CONSUMER PER EMPLOYEE	395	393	2
DENSITY CONSUMERS PER MILE	9.1	9.0	0.1

2006  
 KENTUCKY ELECTRIC COOPERATIVES  
 OPERATING EXPENSE STATISTICAL COMPARISONS  
 AVERAGE ANNUAL BASIS

COOPERATIVE NAME	DISTRIBUTION OPERATION PER CONSUMER	DISTRIBUTION MAINTENANCE PER CONSUMER	TOTAL OP. & MAINT. PER CONSUMER	CONSUMER ACCOUNTING PER CONSUMER	CONSUMER INFORMATION PER CONSUMER	ADM. & GEN. EXPENSE PER CONSUMER	TOTAL EXPENSE PER CONSUMER	NUMBER OF EMPLOYEES	MILES OF LINE	NUMBER OF CONSUMERS BILLED	MILES OF LINE PER EMPLOYEE	CONSUMERS PER EMPLOYEE	DENSITY CONSUMERS PER MILE
BIG SANDY RECC	7	83	90	55	11	94	250	44	1,016	13,089	23.0	297	13.0
BLUE GRASS ENERGY COOP	45	66	111	47	16	74	248	115	4,487	53,175	39.0	462	11.9
CLARK ENERGY COOP	64	74	138	43	6	50	237	53	2,966	25,508	56.0	481	8.6
CUMBERLAND VALLEY ELECTRIC	52	89	141	59	8	56	284	52	2,559	23,303	49.2	448	9.1
FARMERS RECC	36	72	108	39	11	65	223	71	3,481	23,377	49.0	329	6.7
FLEMING-MASON ENERGY	53	124	177	63	4	50	294	52	3,456	23,364	66.5	449	6.8
GRAYSON RECC	58	105	163	53	11	80	307	44	2,437	15,517	55.4	352	6.4
INTER-COUNTY ENERGY	75	57	132	64	19	65	280	62	3,572	24,869	57.6	401	7.0
JACKSON ENERGY COOP	75	91	166	66	8	60	300	134	5,621	50,884	42.0	380	9.1
LICKING VALLEY RECC	72	74	146	37	6	61	250	44	2,014	17,085	46.0	388	8.0
NOLIN RECC	79	91	170	59	21	77	327	93	2,841	30,649	30.6	330	10.8
OWEN EC	74	70	144	65	5	53	267	135	4,400	55,141	33.0	408	12.5
SALT RIVER ELECTRIC	40	39	79	46	7	55	187	78	3,847	44,979	49.3	577	11.7
SHELBY ENERGY COOP	72	97	169	54	11	46	280	31	2,025	15,053	65.0	486	7.0
SOUTH KENTUCKY RECC	49	87	136	52	9	54	251	158	6,540	61,869	41.4	391	9.5
TAYLOR COUNTY RECC	62	57	119	40	5	48	212	55	3,135	24,483	57.0	445	7.8
EKPC GROUP AVERAGE	57	80	137	53	10	62	262	76	3,400	31,397	44.7	413	9.2
JACKSON PURCHASE ENERGY	62	120	182	38	10	70	300	79	3,244	28,461	41.1	360	8.8
KENERGY CORP	79	159	238	50	6	60	354	156	6,944	53,860	44.5	345	7.8
MEADE COUNTY RECC	68	85	153	44	8	45	250	66	2,937	27,008	45.0	409	9.2
BIG RIVERS GROUP AVERAGE	70	121	191	44	8	58	301	100	4,375	36,443	43.8	364	8.3
HICKMAN-FULTON COUNTIES RECC	85	202	287	45	4	124	460	13	685	3,736	52.7	287	5.5
PENNYRILE RECC	60	74	134	43	7	51	235	122	5,022	45,877	41.2	376	9.1
TRI-COUNTY EMC	81	65	146	47	11	36	240	137	5,427	49,561	39.6	362	9.1
WARREN RECC	69	93	162	50	14	76	302	149	5,556	57,431	37.0	385	10.3
WEST KENTUCKY RECC	65	138	203	61	5	44	313	86	3,970	37,639	46.2	438	9.5
TVA GROUP AVERAGE	72	114	186	49	8	66	309	101	4,132	38,849	40.9	385	9.4
OVERALL AVERAGE	62	92	154	51	9	62	276	85	3,574	33,580	43.2	395	9.1

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2006  
**KENTUCKY ELECTRIC COOPERATIVES**  
**OPERATING EXPENSE STATISTICAL COMPARISONS**  
**AVERAGE ANNUAL BASIS**

COOPERATIVE NAME	DISTRIBUTION OPERATION PER MILE	DISTRIBUTION MAINTENANCE PER MILE	TOTAL OP. & MAINT. PER MILE	CONSUMER ACCOUNTING PER MILE	CONSUMER INFORMATION PER MILE	ADM. & GEN. EXPENSE PER MILE	TOTAL EXPENSE PER MILE	NUMBER OF EMPLOYEES	MILES OF LINE	RESIDENTIAL CONSUMERS BILLED	TOTAL RESIDENTIAL REVENUES	AVERAGE MONTHLY RES'L REV
BIG SANDY RECC	90	1,069	1,159	709	142	1,211	3,221	44	1,016	11,985	14,192,128	98.7
BLUE GRASS ENERGY COOP	533	782	1,315	557	190	877	2,939	115	4,487	51,011	61,513,915	100.5
CLARK ENERGY COOP	550	636	1,186	370	52	430	2,038	53	2,986	23,868	27,327,922	95.4
CUMBERLAND VALLEY ELECTRIC	474	810	1,284	537	73	510	2,404	52	2,559	21,861	24,948,723	95.1
FARMERS RECC	242	484	726	262	74	437	1,499	71	3,481	21,745	23,743,770	91.0
FLEMING-MASON ENERGY	358	838	1,196	426	27	338	1,987	52	3,456	17,424	20,907,145	100.0
GRAYSON RECC	369	869	1,038	337	70	509	1,954	44	2,437	14,239	16,223,795	95.0
INTER-COUNTY ENERGY	522	397	919	446	132	453	1,950	62	3,572	23,629	28,203,005	99.5
JACKSON ENERGY COOP	679	824	1,503	597	72	543	2,715	134	5,621	47,410	60,198,185	105.8
LICKING VALLEY RECC	611	628	1,239	314	51	517	2,121	44	2,014	15,961	18,373,586	95.9
NOLIN RECC	852	982	1,834	636	227	831	3,528	93	2,841	28,643	33,591,739	97.7
OWEN EC	927	877	1,804	815	63	664	3,346	135	4,400	52,935	58,817,668	92.6
SALT RIVER ELECTRIC	468	456	924	538	82	643	2,187	78	3,847	42,236	49,796,107	98.3
SHELBY ENERGY COOP	535	721	1,256	401	82	342	2,081	31	2,025	14,485	17,784,401	102.3
SOUTH KENTUCKY RECC	464	823	1,287	492	85	511	2,375	158	6,540	57,044	59,324,021	86.7
TAYLOR COUNTY RECC	484	445	929	312	39	375	1,655	55	3,135	21,774	22,725,012	87.0
<b>EKPC GROUP AVERAGE</b>	<b>510</b>	<b>715</b>	<b>1,225</b>	<b>484</b>	<b>91</b>	<b>574</b>	<b>2,374</b>	<b>76</b>	<b>3,400</b>	<b>29,141</b>	<b>33,604,445</b>	<b>96.1</b>
JACKSON PURCHASE ENERGY	544	1,053	1,597	333	88	614	2,632	79	3,244	25,608	23,847,988	77.6
KENERGY CORP	613	1,233	1,846	388	47	465	2,746	156	6,944	44,420	43,955,664	82.5
MEADE COUNTY RECC	625	782	1,407	405	74	414	2,300	66	2,937	25,001	20,297,372	67.7
<b>BIG RIVERS GROUP AVERAGE</b>	<b>594</b>	<b>1,023</b>	<b>1,617</b>	<b>375</b>	<b>70</b>	<b>498</b>	<b>2,560</b>	<b>100</b>	<b>4,375</b>	<b>31,676</b>	<b>29,367,075</b>	<b>77.3</b>
HICKMAN-FULTON COUNTIES RECC	464	1,102	1,566	245	22	676	2,509	13	685	2,972	4,311,951	120.9
PENNYRILE RECC	548	676	1,224	393	64	466	2,147	122	5,022	35,137	48,880,787	112.7
TRI-COUNTY EMC	740	594	1,334	429	100	329	2,192	137	5,427	40,263	52,780,772	109.2
WARREN RECC	713	961	1,674	517	145	786	3,122	149	5,555	47,977	64,825,495	112.6
WEST KENTUCKY RECC	616	1,308	1,924	578	47	417	2,966	86	3,970	30,568	41,190,556	112.3
<b>TVA GROUP AVERAGE</b>	<b>616</b>	<b>928</b>	<b>1,544</b>	<b>432</b>	<b>76</b>	<b>535</b>	<b>2,587</b>	<b>101</b>	<b>4,132</b>	<b>31,583</b>	<b>42,397,912</b>	<b>111.9</b>
<b>OVERALL AVERAGE</b>	<b>543</b>	<b>798</b>	<b>1,341</b>	<b>460</b>	<b>85</b>	<b>557</b>	<b>2,443</b>	<b>85</b>	<b>3,674</b>	<b>29,967</b>	<b>34,906,746</b>	<b>97.1</b>

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Farmers Rural Electric Cooperative  
Case No. 2008-00030  
Capitalization Policies

Benefits  
Distribution

10	107.20	Construction work in progress	382,218
11	108.80	Retirement work in progress	117,956
12	142.2	Due from other cooperatives	15,936
13	163.00	Stores	56,818
14	184.00	Transportation	37,232
15	242.52	Employee sick leave	
16	580.00	Operations	14,020
17	583.00	Overhead line	17,592
18	586.00	Meter	135,230
19	587.00	Installations	5,143
20	588.00	Miscellaneous distribution	131,870
21	593.00	Overhead line	289,631
22	595.00	Transformers	9,322
23	597.00	Street lights	3,256
24	598.00	Miscellaneous maintenance	16,768
25	902.00	Meter reading	19,998
26	903.00	Consumer records	233,205
27	908.00	Consumer accounting	44,780
28	909.00	Consumer information	2,509
29	920.00	Administrative	214,445
30	926.00	Employee benefits	60,897
31	930.00	Miscellaneous	26,531
32	935.00	Maintenance general plant	4,832
33			
34		Total	<u>1,840,189</u>

Benefits include the following:

37	Medical insurance	994,147
38	Life insurance	44,236
39	Retirement	381,542
40	Savings plan 401(k)	25,237
41	Workers' compensation	150,772
42	Payroll taxes	<u>244,255</u>
43		
44		<u>1,840,189</u>

Farmers accumulates all benefits, then allocates these to accounts based on the labor distribution for the month. The above is the actual allocation for the test year for the above benefits

The total number of employees is 41, with an average benefit cost of \$44,883.





Witness: Alan Zumstein

## Farmers Rural Electric Cooperative

Case No. 2008-00030

September 30, 2008

**Capital credits were paid as follows:**

	<u>General</u>	<u>Estates</u>	<u>Total</u>
2008	\$0	\$0	\$0
2007	393,939		393,939
2006	276,150		276,150
2005	539,896		539,896
2004	542,600		542,600
2003	546,340		546,340
Prior years	<u>7,951,268</u>	<u>433,889</u>	<u>8,385,157</u>
Total	<u>\$10,250,193</u>	<u>\$433,889</u>	<u>\$10,684,082</u>

## POLICY NO. 390

## EQUITY MANAGEMENT PLAN

I. OBJECTIVE

- A. In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis.
- B. The Cooperative will make annual payments of capital credits on the capital of the Cooperative, provided that the following conditions are met:
- a. The Board of Directors shall determine that the financial condition of the Cooperative will not be impaired, and that satisfactory progress is being made toward the Cooperative's Equity Management goals as set forth below:
  - b. The Cooperative's Equity Management goals shall be to operate the Cooperative's business with annual revenue and expense levels so as to:
    1. Maintain a Times Interest Earned Ratio (TIER) of 1.25x to 2.0x.
    2. Achieve an equity capitalization target range of thirty percent (30%) to forty percent (40%), not including Generation and Transmission Cooperative Credits (GTCC's).
    3. Expend all efforts to achieve and maintain a rate of return upon the total capital structure of the Cooperative equal to that necessary to attain the stated TIER goal and optimum equity goal;
  - c. All payments of general and special capital credit refunds will be authorized at least annually by the Board of Directors, and
    1. The repayment of capital credits to the Cooperative's members based on a cycle that will pay annual credit equal to or less than five percent (5%) of the total member's equity at calendar year end.
    2. Will be in total amounts not exceeding those amounts permitted by the mortgage requirements of Farmer's lenders; or
    3. Larger amounts may be paid if approved by the Rural Utilities Service (RUS), the National Rural Utilities Cooperative Finance Corporation (CFC ), or other lenders pursuant to a request made by the Cooperative's Board of Directors, and supported by an equity management plan which indicates satisfactory progress toward the Cooperative's equity management goals.

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

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4. Capita credit refunds to the estates of deceased members may be paid in full or discounted, at the discretion of the Board of Directors, if all loan requirements of Farmer's lenders are being met.

d. The discretionary powers of such capital credit repayments shall remain with the Board of Directors of Farmers Rural Electric Cooperative Corporation as stated within the bylaws, and this policy shall not diminish that right.

II. RESPONSIBILITY

The Board of Directors and President/CEO shall be responsible for the administration of this policy.

Date Policy Approved by Board of Directors: March 20, 2008

Revised  
 Reaffirmed  
 New

Date of Previous Policy: