

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO. 2008-00030
FOR AN ADJUSTMENT IN RATES)

O R D E R

On January 9, 2009, Farmers Rural Electric Cooperative Corporation ("Farmers") filed an application requesting approval of an increase to its base rates for electric service in order to generate an additional \$4,039,455 in annual revenues; a change to its rate design; and changes to certain nonrecurring charges and pole attachment charges. Farmers is a consumer-owned rural electric cooperative organized pursuant to KRS Chapter 279 and engaged in the distribution and sale of electric energy to approximately 24,000 customers in the Kentucky counties of Adair, Barren, Edmonson, Grayson, Green, Hart, Larue and Metcalf.

To determine the reasonableness of Farmers' application, the Commission suspended the proposed rates pursuant to KRS 278.190(2) for five months from their effective date up to and including July 8, 2009. The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), sought and was granted full intervention in this proceeding.

At the request of Farmers, an informal conference was held on April 20, 2009 at the Commission's offices in Frankfort, Kentucky. Present at the conference were representatives of Farmers, the AG, and Commission Staff. At the conference, Farmers

and the AG stated that they had reached a settlement in principle of all issues in the case. The Settlement Agreement and other supporting documentation were filed with the Commission on May 4, 2009. The Settlement Agreement, attached hereto as Appendix A, provides for the approval of all requests made in Farmers' original application except for the amount of the base rate revenue increase, which has been reduced from \$4,039,455 to \$3,690,686, and the pole attachment charges.¹ The Commission conducted a hearing on May 21, 2009 to take testimony concerning the reasonableness of the Settlement Agreement.

After a careful review of the Settlement Agreement, an examination of the record, and being otherwise sufficiently advised, the Commission finds that the settlement terms are reasonable and in conformity with generally accepted rate-making standards. The Commission further finds that the Settlement Agreement is reasonable, is in the public interest, and should be accepted, including the provision that the new rates become effective for service rendered on and after July 1, 2009. Our approval of the Settlement Agreement is based solely on its reasonableness *in toto* and does not constitute approval of any rate-making adjustment.

There were several questions at the public hearing regarding Farmers' demand-side management programs and its efforts to promote energy efficiency. The Commission believes that conservation, energy efficiency and demand-side

¹ In general, pole attachment charges of a rural electric cooperative are determined using the rate of return on rate base resulting from base rates for electric service. Farmers determined the pole attachment charges requested in its original application using the rate of return anticipated to be produced by its proposed base rate increase. The base rate increase of the Settlement Agreement is less than that requested in the original application and will result in a lower rate of return. The pole attachment charges included in the Settlement Agreement account for this reduced rate of return.

management will become more important and cost-effective as there will likely be more constraints placed upon utilities whose main source of supply is coal-based generation. The Governor's proposed energy plan, *Intelligent Energy Choices for Kentucky's Future, November 2008*, calls for an increase in demand-side management by 2025. In addition, the Commission stated its support for cost-effective demand-side programs in response to several recommendations included in *Electric Utility Regulation and Energy Policy in Kentucky*, the report the Commission submitted in July 2008 to the Kentucky General Assembly pursuant to Section 50 of the 2007 Energy Act. Although Farmers has a number of demand-side management programs in place, the Commission believes that it is appropriate to encourage Farmers, and all other electric energy providers, to make a greater effort to offer cost-effective demand-side management and other energy efficiency programs.


IT IS THEREFORE ORDERED that:

1. The Settlement Agreement is adopted and approved in its entirety.
2. The rates attached hereto as Appendix B are the rates set forth in the Settlement Agreement, and those rates are approved for service rendered on and after July 1, 2009.
3. Within 20 days of the date of this Order, Farmers shall file new tariffs reflecting the provisions of this Order.

By the Commission

ENTERED
JUN 10 2009 *al*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00030 DATED **JUN 10 2009**

SETTLEMENT AGREEMENT

Filed May 4, 2009

CHARLES A. LILE, ATTORNEY-AT-LAW

625 Emmett Creek Lane
Lexington, Kentucky 40515
859 272-2976
clile@insightbb.com

May 4, 2009

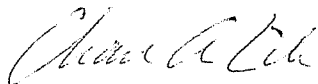
Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40601

Re: PSC Case No. 2008-00030

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of the Joint Motion for Approval of the Settlement Agreement between Farmers Rural Electric Cooperative Corporation ("Farmers RECC") and the Kentucky Attorney General (the "Attorney General"). Attached to said Motion is the Joint Settlement Stipulation and Recommendation of Farmers RECC and the Attorney General, and the Supplemental Direct Testimony of James R. Adkins, in support of this settlement.

Very truly yours,



Charles A. Lile
Counsel for Farmers RECC

Cc: Lawrence W. Cook, Esq.
Quang D. Nguyen, Esq.

RECEIVED

MAY 04 2009

PUBLIC SERVICE
COMMISSION

RECEIVED

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

**MAY 04 2009
PUBLIC SERVICE
COMMISSION**

In the Matter of:

**APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE FOR) CASE NO. 2008-00030
AN ADJUSTMENT OF RATES)**

**JOINT MOTION FOR APPROVAL OF
SETTLEMENT AGREEMENT**

Come now Farmers Rural Electric Cooperative Corporation (“Farmers RECC”) and the Kentucky Office of the Attorney General (the “Attorney General”), by and through counsel, and jointly move the Kentucky Public Service Commission (the “Commission”) to approve an agreed and unanimous settlement of this case.

In support of this Motion, Farmers RECC and the Attorney General state as follows:

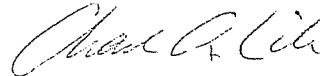
1. As a result of a settlement conference held on April 8, 2009, and subsequent discussions by electronic mail and by teleconference, Farmers RECC and the Attorney General have reached an agreed settlement of all issues in this case.
2. The terms of this settlement have been discussed with the Commission staff in an informal conference held on April 20, 2009, and attached to this Motion, as Exhibit 1, is a copy of an executed Joint Settlement Stipulation and Recommendation (the “Joint Stipulation”) which sets out the terms of the settlement, and includes exhibits which reflect the revised requested rates and the resulting effects on Farmers RECC’s requested additional revenues.
3. Also attached to this Motion, as Exhibit 2, is the Supplemental Prepared Testimony of James R. Adkins, rates consultant to Farmers RECC in this case, in support of the recommended settlement.
4. Farmers RECC and the Attorney General state that the Joint Stipulation and its exhibits, along with the record in the proceedings, demonstrate that the proposed settlement sets fair, just and reasonable rates for retail electric service by Farmers RECC. Farmers RECC and the

Attorney General contend that approval of the settlement is in the best interest of the member consumers of Farmers RECC, since such approval represents the most cost effective resolution of this case, and will eliminate the need for contested hearings, rehearings or appeals of the final decision of the Commission.

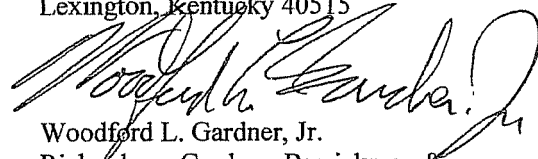
5. Farmers RECC and the Attorney General request that the Commission devote the hearing in this case, now scheduled for May 21, 2009, to consideration of said agreed settlement.

WHEREFORE, Farmers RECC and the Attorney General hereby move that the Commission approve the agreed and unanimous settlement of this case, as set out in the attached Joint Stipulation.

Respectfully submitted,



Charles A. Lile
625 Emmett Creek Lane
Lexington, Kentucky 40515



Woodford L. Gardner, Jr.
Richardson, Gardner, Barrickman &
Alexander
117 E. Washington Street
Glasgow, Kentucky 42141-2696

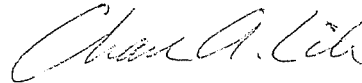
COUNSEL FOR FARMERS RURAL
ELECTRIC COOPERATIVE
CORPORATION

Lawrence W. Cook
Assistant Attorney General
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601-8204

KENTUCKY ATTORNEY GENERAL
OFFICE OF RATE INTERVENTION

CERTIFICATE OF SERVICE

I hereby certify that an original and ten copies of this Joint Motion for Approval of Settlement Agreement in the above-referenced case were filed with Mr. Jeff R. Derouen, Executive Director, at the offices of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, on the 4th day of May 2009.



Charles A. Lile

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF)
FARMERS RURAL ELECTRIC) CASE NO. 2008-00030
COOPERATIVE CORPORATION)

JOINT SETTLEMENT STIPULATION AND RECOMMENDATION

It is the intent and purpose of the parties to this proceeding, being the applicant, Farmers Rural Electric Cooperative Corporation (“Farmers”) and the intervenor, the Attorney General of the Commonwealth of Kentucky (“Attorney General”), to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the “Stipulation” and/or the “Recommendation.”

It is understood by all parties hereto that this Recommendation is not binding upon the Kentucky Public Service Commission (“Commission”), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustment to Farmers’ rates. Farmers and the Attorney General have expended considerable efforts to reach the stipulation and agreements that form the basis for this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Recommendation will eliminate the need for the Commission and the parties to expend considerable resources in litigation of this proceeding, and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. Based upon the parties' participation in a settlement conference and the materials on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Farmers filed an application for a rate adjustment seeking a total increase in annual base rate revenue in the amount of \$4,039,455.00. The parties agree that Farmers should be permitted to adjust its rates to permit a total increase in base rate revenue of only \$3,690,686.00, being \$348,769.00 less than sought in the application. The changes necessary for this agreed reduction in requested additional base rate revenue will be made only in Farmers' proposed Energy Charges under its various tariff schedules, and its Outdoor Lighting Service rates. Attached as "Exhibit A" are Farmers' revised tariff schedules, showing the agreed rates.

2. The Attorney General accepts Farmers' proposed change in its billing late charge, from a \$5 charge to 5% of the outstanding monthly bill, on the understanding that this change will provide a more effective incentive for prompt payment of large bills, but will have minimal impact on residential customers of Farmers, due to the fact that the typical residential bill for the Farmers system averages between \$100 and \$105 per month.

3. The non-recurring charges, as proposed by Farmers in the application, have been agreed to by both parties. The Attorney General did not contest the cable television attachment rates proposed by Farmers. The cable television attachment rates have been modified for the adjusted rate of return resulting from this settlement. The calculations for those charges, and the resulting increases in revenues, are attached as "Exhibit B".

4. Farmers' proposed tariff revisions as reflected in the revised tariff schedules attached as "Exhibit A" should be adopted and should become effective as of July 1, 2009, or as soon thereafter as ordered by the Commission.

5. It is the purpose and intent of the parties hereto that the revision in rates for Farmers result in a 2.0 TIER (times interest earned ratio), and the revision in rates as proposed by this Recommendation and Stipulation will result in such a TIER rating.

6. Farmers' Board of Directors has approved the stipulated and amended rate request reduction amount of \$348,769.00.

7. Each party hereto waives all cross-examination of witnesses of the other parties hereto except in support of this Recommendation, and each party further stipulates and recommends that the Notice of Intent, Application, testimony, pleadings, and responses to data requests filed in this proceeding be admitted into the record.

8. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it

to be offered or relied upon in any other proceeding involving Farmers or any other utility.

9. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

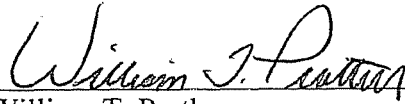
10. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any and all matters involved herein, and, in such event, the terms of this Recommendation shall not be deemed binding upon the parties hereto, nor shall such Recommendation be admitted into evidence, or referred to, or relied upon in any manner by any party hereto, the Commission or its Staff in any such hearing.

11. Attached as "Exhibit C" is proof of revenue analysis showing that the proposed rate adjustments will generate the proposed revenue reduction to which the parties have agreed in paragraph (1) of this Stipulation.

12. The parties hereto agree that the foregoing Recommendation is reasonable and is in the best interests of all concerned, and urge the Commission to adopt this Recommendation in its entirety.

Entered this 21st day of April, 2009. *me* *JWC* *WJP*

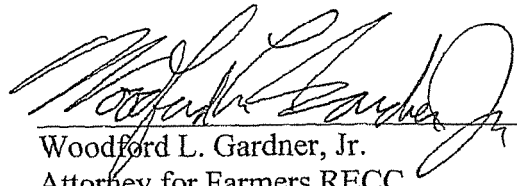
FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION

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William T. Prather
President and CEO

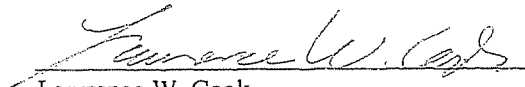
Charles A. Lile

Charles A. Lile
Attorney for Farmers RECC



Woodford L. Gardner, Jr.
Attorney for Farmers RECC

KENTUCKY ATTORNEY GENERAL

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Lawrence W. Cook
Assistant Attorney General

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF)
FARMERS RURAL ELECTRIC) CASE NO. 2008-00030
COOPERATIVE CORPORATION)

SUPPLEMENTAL DIRECT TESTIMONY
OF JAMES R. ADKINS

- 1 Q. Please state your name and business address.
- 1 A. My Name is James R. Adkins and my business address is 1041 Chasewood Way, Lexington, Kentucky 40513-1731.
- 2 Q. Have your previously submitted prepared testimony in this proceeding?
- 2 A. Yes. I submitted prepared testimony which was designated as Exhibit H.3 to the Application in this case.
- 3 Q. What is the purpose of your supplemental testimony?
- 3 A. The purpose of my testimony is to explain the development of the rates based on the settlement that has been reached between the Office of the Attorney General (the "OAG") and Farmers Rural Electric Cooperative Corporation ("FRECC").
- 4 Q. Please explain the terms of that settlement.
- 4 A. The OAG has agreed with FRECC to recommend an increase in FRECC's base rates in the amount of \$3,690,686. This amount is \$348,769 less than FRECC's original request of \$4,039,455.00. The increase is based on FRECC's own

distribution costs and is in addition to the increase granted to FRECC for its increased wholesale power costs that are a result of Case No. 2008-00414.

5 Q. What basis was used for allocating this change from the original application to FRECC's rate classes and in the resulting rate design?

5 A. This change has been accomplished by completing a new Cost of Service Study which included the change in wholesale rates and the reduction in expenses contained in the settlement with the OAG. The change in rate design was accomplished by changing the energy rate for the applicable rate classes and the lamp charges for the outdoor lighting classes. This was the result of the OAG's acceptance of FRECC's proposed addition of new customer charges in various rate classes.

6 Q. Have you provided documentation that the proposed rate design will provide the amount of revenue in the settlement?

6 A. Attached to the Joint Settlement Stipulation and Recommendation (the "Stipulation"), as Exhibit C, is a billing analysis which develops the amount of revenues that FRECC would receive from its current rates applied to the test year billing units and from its proposed rates applied to the test billing units. The proof of revenues results in an increase of \$3,690,973. The difference of \$287, compared to the settlement amount, is due to rounding.

7 Q. Will these proposed rates meet the revenue needs of FRECC?

7 A. The proposed rates, as a result of this settlement, will provide for the immediate financial needs of FRECC and should insure that FRECC will meet its mortgage

requirements for a few years. The revision in Farmers' rates will provide Farmers with the opportunity to earn a 2.0 TIER.

8 Q. What other documentation is FRECC providing in support of this settlement?

8 A. The following additional documents are provided in Exhibit C to the Stipulation, as support for the settlement:

A comparative schedule of proposed rates and current rates;

A billing analysis which includes the revenues for the rates in effect at the end of the test year, the current rates as approved in PSC Case No. 2008-000414, and the proposed rates;

A schedule of the increase amount for each rate class;

The proposed rate design; and

A schedule of the returns on net investment rate base and capital structure.

9 Q. *Does the settlement reached with the OAG deal with FRECC's requested revenues from CATV pole attachment charges and non-recurring charges?*

9 A. Yes. The OAG agreed to accept those charges, as proposed by FRECC in its Application.

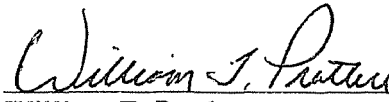
10 Q. Do you believe that the rates proposed by FRECC, based on the settlement with the OAG, represent just and reasonable rates?

10 A. Yes. I believe that the settlement does result in just and reasonable rates for FRECC.

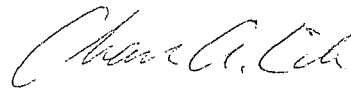
11 Q. Does this conclude your testimony?

11 A. Yes, this concludes my testimony.

FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION

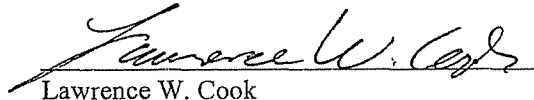
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William T. Prather
President and CEO

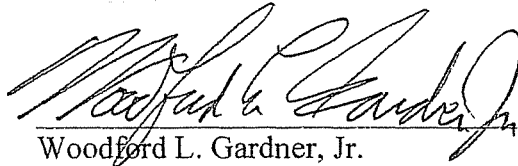
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Charles A. Lile
Attorney for Farmers RECC

KENTUCKY ATTORNEY GENERAL

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Lawrence W. Cook
Assistant Attorney General

A handwritten signature in black ink, appearing to read "Woodford L. Gardner, Jr.", written over a horizontal line.

Woodford L. Gardner, Jr.
Attorney for Farmers RECC

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

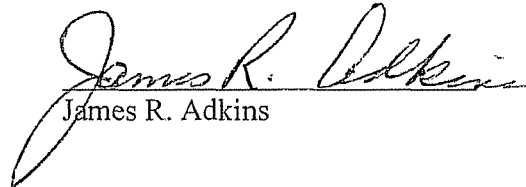
In the Matter of:

ADJUSTMENT OF RATES OF)
FARMERS RURAL ELECTRIC) **CASE NO. 2008-00030**
COOPERATIVE CORPORATION)

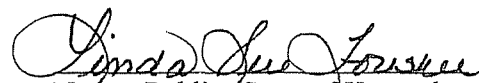
SUPPLEMENTAL DIRECT TESTIMONY
OF JAMES R. ADKINS

AFFIDAVIT

The Affiant, James R. Adkins, hereby states that the answers given by him to the foregoing questions are true and correct, to the best of his knowledge and belief.


James R. Adkins

Subscribed and sworn to before me, by the Affiant, James R. Adkins, this 29th
day of April, 2009.


Notary Public- State of Kentucky
At Large

My Commission Expires: 7-30-2011

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

22nd Revised SHEET NO. 1

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

21st Revised SHEET NO. 1

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

RATES AND CHARGES

SCHEDULE R -- RESIDENTIAL SERVICE

APPLICABLE: In all territory served by the seller.

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

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

RATES PER MONTH:

Customer Charge		\$9.00	(N)
All kWh	@	0.08144 per kWh	(I)

FUEL ADJUSTMENT CLAUSE: All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10 percent and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.

DATE OF ISSUE: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

22nd Revised SHEET NO. 2

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

21st Revised SHEET NO. 2

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

RATES AND CHARGES

SCHEDULE R – RESIDENTIAL SERVICE

MINIMUM CHARGES: The minimum monthly charge to consumers billed under the above rate shall be the customer charge for single-phase service. 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 being five percent (5%) higher. In the event the current monthly bill is not paid within twelve (12) days from the date the bill was rendered, the prompt payment discount shall be forfeited and the gross amount shall apply. (I)

DATE OF ISSUE: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

22nd Revised SHEET NO. 3

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

21st 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 kWh	@	0.07691 per kWh	(R)

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

Kilowatt Demand Charge:		\$6.86 per kW	(I)
Customer Charge		\$50.00	(N)
Energy Charge:			
All	kWh@	\$0.05851 per kWh	(R)

DATE OF ISSUE: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____

TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

21st Revised SHEET NO. 4

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

20th 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 (I)
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.

MINIMUM MONTHLY CHARGE: The minimum monthly charge under the above rates shall (I)
be the customer charge for single-phase service.

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.

DATE OF ISSUE: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

8th Revised SHEET NO. 5

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

7th Revised SHEET NO. 5

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

RATES AND CHARGES

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 being five percent (5%) higher. In the event the current monthly (I) bill is not paid within twelve (12) days from the date the bill was rendered, the prompt payment discount shall be forfeited and the gross amount shall apply.

DATE OF ISSUE: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

22nd Revised SHEET NO. 6

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

21st Revised SHEET NO. 6

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

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 Per Lamp</u>	
Mercury Vapor	175	70	\$ 8.54	(1)
Mercury Vapor	175 Watt, shared	70	2.85	(1)
Mercury Vapor	250	98	9.73	(1)
Mercury Vapor	400	156	14.77	(1)
Mercury Vapor	1000	378	25.80	(1)
Sodium Vapor	100	42	8.94	(1)
Sodium Vapor	150	63	10.38	(1)
Sodium Vapor	250	105	14.05	(1)
Sodium Vapor	400	165	18.03	(1)
Sodium Vapor	1000	385	38.99	(1)

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: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 6A

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised 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	\$3.97	(I)
Three-party pole attachment	\$3.48	(I)
Two-party anchor attachment	\$6.13	(I)
Three-party anchor attachment	\$4.04	(I)
Two-party Grounding attachment	.30	(N)
Three-party Grounding attachment	.18	(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 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.

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 61

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 61

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 x 85% x annual carrying charge factor x .1224) (I)

Two-Party Charge - \$196.00 x .85 x .1947 x .1224 = \$3.97 (I)

2. Equation – Annual Charge – Three-Party Pole

Annual Charge = (Average embedded cost 40' and 45' poles -- x 85% x annual carrying charge factor X .0759 (I)

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 6J

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 6J

RATES AND CHARGES

CABLE TELEVISION ATTACHMENT TARIFF

Three-Party Charge = $\$277.29 \times .85 \times .1947 = \3.48 (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 = $\$62.92 \times 0.1947 \times 0.50 = 6.13$ (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 \times 0.1947 \times 0.33 = \4.04 (I)

5. Equation – Annual Charge – Pole Ground Attachments – 2 party new line annual charge = (N)
($12.50 \times \text{annual carrying charge} \times .1224$)

Two Party Charge = $12.50 \times .1947 \times .1224 = \0.30

6. Equation – Annual charge – Pole Ground Attachments – 3 party new line annual charge = (N)
($\$12.50 \times \text{annual carrying charge} \times .0759$)

Three Party Charge = $(12.50 \times .1947 \times .0759) = \0.18

EXHIBIT B

DEVELOPMENT OF ANNUAL CARRYING CHARGE

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

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

DATE OF ISSUE: June 1, 2009

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 6K

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 6K

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			8.20%	
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>6.19%</u>
Annual Carrying Charges				19.47%

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

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

18th Revised SHEET NO. 6N

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

17th 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	\$0.05851 per kWh	(R)

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

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TITLE: President & Chief Executive Officer

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 60

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 60

RATES AND CHARGES

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.

MINIMUM MONTHLY CHARGE:

The minimum monthly charge for service shall be the customer charge or 75¢ per KVA of installed transformer capacity, or the minimum monthly charge stated in the service contract whichever is greater. Where it is (I) 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.

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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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 6P

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 6P

RATES AND CHARGES

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 being five percent (5%) higher. In the event the current monthly (I) bill is not paid within twelve (12) days from the date the bill was rendered, the prompt payment discount shall be forfeited and the gross amount shall apply.

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TITLE: President & Chief Executive Officer

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

14th Revised SHEET NO. 6Q

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

13th 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:

Customer Charge:	\$1,100 per Month	(I)
Demand Charge:	6.86 per kW	(I)
Energy Charge:	0.04551 per kWh	(R)

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

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

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

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P.S.C. KY. NO. 9

2nd Revised SHEET NO. 6S

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 6S

RATES AND CHARGES

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 five percent (5%) higher. In the event the current monthly (I) bill is not paid within twelve (12) days from the date the bill was rendered, the prompt payment discount shall be forfeited and the gross amount shall apply.

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

16th Revised SHEET NO. 6T

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

15th 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: \$0.04887 per kWh (I)

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

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

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 6U

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 6U

RATES AND CHARGES

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 being five percent (5%) higher. In the event the current monthly bill is not paid within twelve (12) days from the date the bill was rendered, the prompt payment discount shall be forfeited and the gross amount shall apply. (I)

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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TITLE: President & Chief Executive Officer

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

16th Revised SHEET NO. 6V

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

15th Revised SHEET NO. 6V

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

RATES AND CHARGES

SCHEDULE CM – SMALL COMMERCIAL OFF-PEAK MARKETING

APPLICABLE: In all territory served by the seller.

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

RATES:

Energy Charge: \$0.04613 per kWh (R)

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

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

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 6W

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

1st Revised SHEET NO. 6W

RATES AND CHARGES

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 being five percent (5%) higher. In the event the current monthly bill is not paid within twelve (12) days from the date the bill was rendered, the prompt payment discount shall be forfeited and the gross amount shall apply. (I)

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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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd^d Revised SHEET NO. 7

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

1st Revised SHEET NO. 7

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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 or 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 therefore.
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

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd¹ Revised SHEET NO. 8

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

1st Revised SHEET NO. 8

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

RULES AND REGULATIONS

be left inactive with the Cooperative. It shall be applied against any unpaid bills of the member at the time 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. 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.

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TITLE: President & Chief Executive Officer

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

3rd Revised SHEET NO. 9

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

2nd Revised SHEET NO. 9

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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.

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 on 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: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

3rd Revised SHEET NO. 10

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

2nd Revised SHEET NO. 10

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.

DATE OF ISSUE: June 1, 2009

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ISSUED BY: _____
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

4th Revised SHEET NO. 11

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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

3rd Revised SHEET NO. 11

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.

DATE OF ISSUE: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

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TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 12

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

1st Revised SHEET NO. 12

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

RULES AND REGULATIONS

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.

DATE OF ISSUE: June 1, 2009

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ISSUED BY: _____

TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

2nd Revised SHEET NO. 13

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

1st Revised SHEET NO. 13

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

RULES AND REGULATIONS

22. UNDERGROUND DISTRIBUTION FACILITIES TO A RESIDENTIAL SUBDIVISION

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.

DATE OF ISSUE: June 1, 2009

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TITLE: President & Chief Executive Officer

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FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 9

1st Revised SHEET NO. 14

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

Original SHEET NO. 14

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

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.

DATE OF ISSUE: June 1, 2009

DATE EFFECTIVE: July 1st, 2009

ISSUED BY: _____

TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. 2008-00030 Dated: _____

Farmers Rural Electric Cooperative
CATV Pole Attachments
December 31, 2007

Additional revenues generated

Description	Number	Charges		Revenue		Increase	
		Existing	Proposed	Existing	Proposed	Amount	Percent
2 party Pole Attachments	3,790	\$1.87	\$3.97	\$7,087	\$15,049	\$7,962	53%
2 party Anchor Attachments	465	3.70	6.13	1,721	2,848	\$1,128	40%
2 party Ground Attachments		0.00	0.30	0	0	\$0	0%
3 party Pole Attachments	2,770	1.66	3.48	4,598	9,649	\$5,051	52%
3 party Anchor Attachments		2.46	4.04	0	0	\$0	0%
3 party Ground Attachments		0.00	0.18	0	0	\$0	0%
Total				\$13,406	\$27,547	\$14,141	51%

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	22,658	6,282,947	<u>\$277.29</u>

3. Average cost of anchors

\$62.92

B. 1. Pole Charge:

a. Two party =	\$196.00	85%	19.47%	0.1224	\$3.97
b. Three party =	\$277.29	85%	19.47%	0.0759	\$3.48

2. Pole Charge, with ground attachments:

a. Two party =	\$196.00	85%	\$12.50	19.47%	0.1224	\$0.30
b. Three party =	\$277.29	85%	\$12.50	19.47%	0.0759	\$0.18

3. Anchor Charge:

a. Two party =	\$62.92		19.47%	0.50	\$6.13
b. Three party =	\$62.92		19.47%	0.33	\$4.04

(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
Decebmcr 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 2008-0030	8.20%	
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>6.19%</u>
Annual carrying charges		<u><u>19.47%</u></u>

COMPARISON OF RATES

	Application Proposed Rates	Current Rates	Settlement Proposed Rates
Schedule R - Residential Service			
Customer charge			
Energy charge, all kwh	\$ 9.00		\$ 9.00
First 50 kwh	0	0.16049	
All remaining	0.08299	0.07440	0.08144
Energy charge per ETS	0.04979	0.04464	0.04887
Schedule C1 - Small Commercial			
Customer charge			
Energy charge, all kwh	\$ 11.00		\$ 11.00
First 50 kwh		0.16049	
All remaining	0.07739	0.07789	0.07691
Energy charge per ETS	0.04643	0.04673	0.04615
Schedule C2 - Small Commercial			
Customer charge	50.00		\$ 50.00
Demand charge	6.86	\$ 5.43	\$ 6.86
Energy charge	0.05897	0.06097	0.05851
Schedule D - Large Commercial			
Customer charge	50.00		\$ 50.00
Demand charge	6.86	\$ 5.44	\$ 6.86
Energy charge	0.05897	0.06097	0.05851
Schedule E - Large Industrial Rate			
Customer charge	1,100.00	\$ 589.93	\$ 1,100.00
Demand charge	6.86	\$ 5.94	\$ 6.86
Energy charge	0.04587	0.04569	0.04551
Schedule OL - Outdoor Lighting Service			
MV 175 Watt	8.72	\$ 7.49	\$ 8.54
MV 175 Watt, shared	2.91		\$ 2.85
MV 250 Watt	9.93	\$ 8.53	\$ 9.73
MV 400 Watt	15.07	\$ 12.96	\$ 14.77
MV 1000 Watt	26.35	\$ 22.62	\$ 25.80
SV 100 Watt	9.14	\$ 7.84	\$ 8.94
SV 150 Watt	10.59	\$ 9.10	\$ 10.38
SV 250 Watt	14.36	\$ 12.32	\$ 14.05
SV 400 Watt	18.41	\$ 15.81	\$ 18.03
SV 1000 Watt	39.83	\$ 34.19	\$ 38.99

COMPARISON OF RATES

Non-Recurring Charges

Return Check	\$ 25.00	\$ 5.00	\$ 25.00
Collection	\$ 30.00	\$ 15.00	\$ 30.00
Service and Trip Charges	\$ 30.00	\$ 15.00	\$ 30.00
Meter Tests	\$ 40.00	\$ 15.00	\$ 40.00
Overtime	\$ 70.00	\$ 30.00	\$ 70.00

Cable Television Attachments

2 party pole attachment	\$ 4.02	\$ 1.87	\$ 3.97
2 party anchor attachment	\$ 6.20	\$ 3.70	\$ 6.13
3 party pole attachment	\$ 3.53	\$ 1.66	\$ 3.48
2 party ground attachment	\$ 0.30	-	\$ 0.30
3 party anchor attachment	\$ 4.09	\$ 2.46	\$ 4.04
3 party ground attachment	\$ 0.18	-	\$ 0.18

Farmers Rural Electric Cooperative
Case No. 2008-00030
Revenue Summary
September 30, 2008

Rate Schedule	Kwh Usage	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	Increase Percent
Schedule R, Residential Service	315,954,130	\$23,057,167	65%	\$22,321,297	64%	\$23,942,366	64%	\$27,143,155	66%	\$3,200,789	13.4%
Schedule RM, Off-Peak Marketing R	2,115,485	88,060	0%	88,046	0%	94,435	0%	103,384	0%	\$8,949	9.5%
Schedule C1, Small Commercial	30,260,434	2,287,799	6%	2,199,070	6%	2,358,605	6%	2,430,205	6%	\$71,600	3.0%
Schedule C2, Small Commercial	36,220,745	2,660,838	7%	2,660,115	7%	2,853,677	8%	2,985,464	8%	\$131,787	4.6%
Schedule CM, Off-Peak Marketing R	9,574	417	0%	417	0%	445	0%	442	0%	(\$3)	-0.6%
Schedule D, Large Commercial	52,712,400	3,300,483	9%	3,301,976	9%	3,568,564	10%	3,629,506	9%	\$60,942	1.7%
Schedule E, Large Industrial Service	67,173,000	3,526,827	10%	3,526,967	10%	3,782,583	10%	3,896,065	9%	\$113,482	3.0%
Schedule SL, Street Lighting	446,100	57,029	0%	57,029	0%	58,524	0%	58,524	0%	\$0	0.0%
Schedule OL, Security Lights	7,065,984	686,876	2%	686,876	2%	737,035	2%	840,382	2%	\$103,347	14.0%
Rounding differences										(207)	
Total from base rates	511,957,852	35,665,496	100%	\$34,841,794	100%	\$37,396,233	100%	\$41,087,126	100%	\$3,690,686	9.9%
Fuel adjustment billed		2,937,050									
Environmental surcharge billed		2,134,309									
Increase				(\$823,702)	-2.3%	\$2,554,439	7.3%	\$3,690,893			
Percent											9.9%

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	\$8.02	\$2,029,894	\$9.00	\$2,277,936
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	\$0.07440	21,912,472	\$0.08144	24,865,219
Adjusted total kwh	305,319,486							
Total from base rates		23,057,167		<u>\$22,321,297</u>		<u>\$23,942,366</u>		<u>\$27,143,155</u>
Fuel adjustment		1,787,075				0.0784		
Environmental surcharge		1,403,825						
Total revenues		<u>\$26,248,067</u>						
Amount				(\$735,870)		\$1,621,069		\$3,200,789
Percent				-3.2%		7.3%		13.4%
Average monthly bill		\$91.10		\$88.19		\$94.59		\$107.24
Amount				(\$2.91)		\$6.40		\$12.65
Percent				-3.2%		7.3%		13.4%

Rev
Case No. 2008-00030
Billing Analysis
September 30, 2008

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	2,115,485	88,060	\$0.04162	88,046	\$0.04464	94,435	\$0.04887	103,384
Off peak rate								
Total from base rates		88,060		<u>\$88,046</u>		<u>\$94,435</u>		<u>\$103,384</u>
Fuel adjustment		6,662						
Environmental surcharge		5,272				0.0446		
Total revenues		<u>\$99,994</u>						
Amount				(\$14)		\$6,389		\$8,949
Percent				0.0%		7.3%		9.5%

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	\$8.02	\$143,518	\$11.00	\$196,845
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	\$0.07789	2,215,087	\$0.07691	2,233,360
Adjusted total kwh	29,038,615							
Total from base rates		2,287,799		<u>\$2,199,070</u>		<u>\$2,358,605</u>		<u>\$2,430,205</u>
Fuel adjustment		187,409						
Environmental surcharge		140,228				0.0812		
Total revenues		<u>\$2,615,436</u>						
Amount				(\$88,728)		\$159,535		\$71,600
Percent				-3.9%		7.3%		3.0%
Average monthly bill		\$127.85		\$122.89		\$131.80		\$135.80
Amount				(\$4.96)		\$8.92		\$4.00
Percent				-3.9%		7.3%		3.0%

Schedule C2 - Large Commercial, 50kw Demand or more

Description	Billing Determinants	Test Year	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	\$5.43	645,298	\$6.86	815,239
Energy charge per kWh	36,220,745	2,058,787	\$0.05684	2,058,787	\$0.06097	2,208,379	\$0.05851	2,119,276
				0		0		0
Total from base rates		2,660,838		\$2,660,115		\$2,853,677		\$2,985,464
Fuel adjustment		225,565				0.0788		
Environmental surcharge		161,174						
Total revenues		\$3,047,577						
Amount				(\$723)		\$193,562		\$131,787
Percent				0.0%		7.3%		4.6%
Average monthly bill		\$2,611.22		\$2,610.51		\$2,800.47		\$2,929.80
Amount				(\$0.71)		\$189.95		\$129.33
Percent				0.0%		7.3%		4.6%

Rev
Case No. 2008-00030
Billing Analysis
September 30, 2008

Schedule CM, Off-Peak Marketing Rate

Description	Billing Determinants	Test Year	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
Energy charge	9,574	417	\$0.04357	417	\$0.04644	445	\$0.04615	442
Off peak rate								
Total from base rates		417		<u>\$417</u>		<u>\$445</u>		<u>\$442</u>
Fuel adjustment		20						
Environmental surcharge		25				0.0464		
Total revenues				<u>\$463</u>				
Amount				\$0		\$27		(\$3)
Percent				0.0%		6.6%		-0.6%

Schedule D - Large Commercial/Industrial Service

Description	Billing Determinants	Test Year	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	\$0	\$50.00	\$3,000
Demand Charge	132,123,000	669,864	\$5.07	669,864	\$5.44	718,749	\$6.86	906,364
Energy charge	52,712,400	2,994,679	\$0.05684	2,996,173	\$0.06097	3,213,875	\$0.05851	3,084,203
Primary meter discount		(364,060)		(364,060)		(364,060)		(364,060)
Total from base rates		3,300,483		\$3,301,976		\$3,568,564		\$3,629,506
Fuel adjustment		319,183						
Environmental surcharge		202,330				0.0677		
Total revenues		\$3,821,995						
Amount			\$1,494	\$266,588		\$60,942		\$60,942
Percent			0.0%	8.1%		1.7%		1.7%
Average monthly bill		\$55,008.04	\$55,032.94	\$59,476.07	\$59,476.07	\$60,491.77	\$60,491.77	\$60,491.77
Amount			\$24.90	\$4,443.13		\$1,015.70		\$1,015.70
Percent			0.0%	8.1%		1.7%		1.7%

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	\$589.93	\$21,237	\$1,100.00	\$39,600
Demand Charge	116,533,800	645,597	\$5.54	645,597	\$5.94	692,211	\$6.86	799,422
Energy charge	67,173,000	2,861,430	\$0.04260	2,861,570	\$0.04569	3,069,134	\$0.04551	3,057,043
				0		0		0
Total from base rates		3,526,827		\$3,526,967		\$3,782,583		\$3,896,065
Fuel adjustment		405,509						
Environmental surcharge		217,721				0.0563		
Total revenues		\$4,150,057						
Amount				\$140		\$255,616		\$113,482
Percent				0.0%		7.2%		3.0%
Average monthly bill		\$97,967.42		\$97,971.31		\$105,071.74		\$108,224.03
Amount				\$3.88		\$7,100.43		\$3,152.29
Percent				0.0%		7.2%		3.0%

Rev
Case No. 2008-00030
Billing Analysis
September 30, 2008

Schedule SL - Street Lighting Service

Description	Billing Determinants	Test Year	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	\$0.04947	\$0.04947	22,069	\$0.04947
Total from base rates		57,029		<u>\$57,029</u>			<u>\$58,524</u>	
Fuel adjustment		4,715						
Environmental surcharge		2,897						
Total revenues		<u>\$64,641</u>						<u>\$58,524</u>
Amount				\$0			\$1,494	\$0
Percent				0.0%			2.6%	0.0%

Rev
Case No. 2008-00030
Billing Analysis
September 30, 2008

Schedule 6 - Security Lights

Description	Billing Determinants	Test Year	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	\$7.49	649,563	\$8.54	740,623
MV 175 Watt, shared	662	1,542	\$2.33	1,542	\$2.50	1,655	\$2.85	1,887
MV 250 Watt	826	6,567	\$7.95	6,567	\$8.53	7,046	\$9.73	8,037
MV 400 Watt	2,015	24,321	\$12.07	24,321	\$12.95	26,094	\$14.77	29,762
MV 1000 Watt	0	0	\$21.09	0	\$22.62	0	\$25.80	0
SV 100 Watt	700	5,117	\$7.31	5,117	\$7.84	5,488	\$8.94	6,258
SV 150 Watt	258	2,188	\$8.48	2,188	\$9.10	2,348	\$10.38	2,678
SV 250 Watt	384	4,412	\$11.49	4,412	\$12.32	4,731	\$14.05	5,395
SV 400 Watt	2,537	37,395	\$14.74	37,395	\$15.81	40,110	\$18.03	45,742
SV 1000 Watt	0	0	\$31.88	0	\$34.19	0	\$38.99	0
kWh	7,065,984							
Billing adjustments				0		0		0
Total from base rates		686,876		\$686,876		\$737,035		\$840,382
Fuel adjustment		911						
Environmental surcharge		837						
Total revenues		\$688,624						
Amount		\$0		\$0		\$50,158		\$103,347
Percent		0.00%		0.00%		7.30%		14.02%

Rev
Case No. 2008-00030
Billing Analysis
September 30, 2008
Summary

Billing Determinants	Test Year Revenues	Normalized Case No. 2006-00515		Normalized Case No. 2008-00414		Proposed Revenues	
		Rates	Revenues	Rates	Revenues	Rates	Revenues
Total from base rates	35,665,496		34,841,794		37,396,233		41,087,126
Fuel adjustment	2,937,050						
Environmental surcharge	2,134,309						
Total revenues	40,736,855						
Per Form 7	40,736,855						
Increase Amount	0		(823,702)		2,554,439		3,690,893
Increase Percent			-2.3%		7.3%		9.9%
Monthly billing summary	40,736,033				2,521,485		32,955
				Power cost			

INCREASE AMOUNT AND ALLOCATION TO RATE CLASSES

	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	28,940,131	119,915	2,273,811	2,563,893	518	3,607,596	3,921,966	53,073	865,372	42,346,275
Revenue from Rate Under (Over)	23,942,366	94,435	2,358,605	2,853,677	445	3,568,564	3,782,583	58,524	737,035	37,396,233
	4,997,765	25,480	(84,795)	(289,784)	73	39,032	139,384	(5,450)	128,337	4,950,042
Less Other Revenue	806,283	3,180	79,428	96,100	15	120,175	127,382	1,971	24,820	1,259,356
COSS Based Revenue Increase (Decrease)	4,191,481	22,300	(164,223)	(385,884)	58	(81,143)	12,001	(7,421)	103,517	3,690,686
REVISED INCREASE BASED ON MANAGEMENT & DIRECTORS										
Revenue Increase (Decrease)	3,187,908	22,300	70,758	85,610	58	107,057	113,477	-	103,517	3,690,686
Percent Increase (Decrease)	13.31%	23.61%	3.00%	3.00%	13.05%	3.00%	3.00%	0.00%	14.05%	9.87%
Revenue Requirements from Rates	27,130,275	116,735	2,429,363	2,939,287	503	3,675,621	3,896,060	58,524	840,551	41,086,919

FARMERS RECC
CASE NO. 2008-00030
RATE DESIGN

	R	RM	C1	C2	CM	D	E	SL	OL	Total
	Residential Service	Off-Peak Marketing	Small Commercial	Small Com w/Demand	Off-Peak Marketing	Large Commercial	Large Industrial	Street Lighting	Security Lighting	
Total Revenue Requirements	28,940,131	119,915	2,273,811	2,563,893	518	3,607,596	3,921,966	53,073	865,372	42,346,275
Revenue from Rates Under (Over)	23,942,366	94,435	2,358,605	2,853,677	445	3,568,564	3,782,583	58,524	737,035	37,396,233
	4,997,765	25,480	(84,795)	(289,784)	73	39,032	139,384	(5,450)	128,337	4,950,042
Less Other Revenue	806,283	3,180	79,428	96,100	15	120,175	127,382	1,971	24,820	1,259,356
Revenue Requirements from Rates	27,130,275	116,735	2,429,363	2,939,287	503	3,675,621	3,896,060	58,524	840,551	41,086,919
Cost to Service from Schedule 4 - Allocation										
Consumer Related	5,407,236	33,272	385,544	104,748	125	1,289	3,528	868	78,836	6,015,448
Demand Related	9,425,655	-	537,148	841,901	-	1,252,717	1,439,520	8,663	157,447	13,663,051
Energy Related	14,107,240	86,643	1,351,118	1,617,243	392	2,353,590	2,478,918	19,918	314,926	22,329,988
Lighting	-	-	-	-	-	-	-	23,625	314,163	337,788
Total	28,940,131	119,915	2,273,811	2,563,893	518	3,607,596	3,921,966	53,073	865,372	42,346,275
Proportional amount of distribution related costs	87.80%	90.44%	116.86%	139.66%	88.07%	105.42%	98.20%	116.44%	95.49%	93.71%

	R	RM	C1	C2	CM	D	E	SL	OL	Total
	Residential Service	Off-Peak Marketing	Small Commercial	Small Com w/Demand	Off-Peak Marketing	Large Commercial	Large Industrial	Street Lighting	Security Lighting	
Revised Cost to Serve	4,747,465	30,092	450,542	146,287	111	1,359	3,464	1,010	75,281	5,636,977
Consumer Related	8,275,570	-	627,704	1,175,757	-	1,320,672	1,413,678	10,087	150,347	12,803,419
Demand Related	14,107,240	86,643	1,351,118	1,617,243	392	2,353,590	2,478,918	19,918	314,926	22,329,988
Energy Related	-	-	-	-	-	-	-	27,508	299,997	316,536
Lighting	27,130,275	116,735	2,429,363	2,939,287	503	3,675,621	3,896,060	58,524	840,551	41,086,919
Total	27,130,275	116,735	2,429,363	2,939,287	503	3,675,621	3,896,060	58,524	840,551	41,086,919

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
<u>Billing Units</u>									
Consumer Charges	253,104		1,019			60	36		
Demand KW			118,839			132,123	116,534		
Energy kWh	305,319,486	2,115,485	36,220,745	9,574		52,712,400	67,173,000		
Consumer Charge	\$ 9.00		\$ 50.00			\$ 50.00	\$ 1,100.00		
Revenue	2,277,936		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	27,247,009					6,978,968	3,896,060		
Energy Revenue	24,969,073					5,203,416	3,057,038		
Energy Rate	0.081442	0.048865	0.058509	0.046146		0.058509	0.045510		
MV 175 Watt								\$8.54	
MV 175 Watt, shared								\$2.85	
MV 250 Watt								\$9.73	
MV 400 Watt								\$14.77	
MV 1000 Watt								\$25.80	
SV 100 Watt								\$8.94	
SV 150 Watt								\$10.38	
SV 250 Watt								\$14.05	
SV 400 Watt								\$18.03	
SV 1000 Watt								\$38.99	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00030 DATED JUN 10 2009

The following rates and charges are prescribed for the customers in the area serviced by Farmers Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Service Rates

Schedule R – Residential Service	
Customer Charge	\$ 9.00 per month
Energy Charge per kWh	\$ 0.08144
Energy Charge per ETS	\$ 0.04887
Schedule C-1 – Small Commercial	
Customer Charge	\$ 11.00 per month
Energy Charge per kWh	\$ 0.07691
Energy Charge per ETS	\$ 0.04615
Schedule C-2 – Small Commercial	
Customer Charge	\$ 50.00 per month
Demand Charge	\$ 6.86
Energy Charge	\$ 0.05851
Schedule D – Large Commercial	
Customer Charge	\$ 50.00 per month
Demand Charge	\$ 6.86
Energy Charge	\$ 0.05851
Schedule E – Large Industrial	
Customer Charge	\$ 1,100.00 per month
Demand Charge	\$ 6.86
Energy Charge	\$ 0.04551

Schedule OL - Outdoor Lighting Service

Type	Monthly Charge
MV 175 Watt	\$ 8.54
MV 175 Watt, shared	\$ 2.85
MV 250 Watt	\$ 9.73
MV 400 Watt	\$ 14.77
MV 1000 Watt	\$ 25.80
SV 100 Watt	\$ 8.94
SV 150 Watt	\$ 10.38
SV 250 Watt	\$ 14.05
SV 400 Watt	\$ 18.03
SV 1000 Watt	\$ 38.99

Cable Television Attachment Fees

	Yearly Charge
2 party pole attachment	\$ 3.97
2 party anchor attachment	\$ 6.13
3 party pole attachment	\$ 3.48
2 party ground attachment	\$ 0.30
3 party anchor attachment	\$ 4.04
3 party ground attachment	\$ 0.18

Nonrecurring Charges

Return Check Charge	\$ 25.00
Service and Trip Charge – reconnecting or transferring service to new occupant	\$ 30.00
Collection Fee – Regular hours	\$ 30.00
Collection Fee – After regular hours	\$ 70.00
Meter Tests	\$ 40.00

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