

**RICHARDSON, GARDNER, BARRICKMAN & ALEXANDER**

**RECEIVED**

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OCT 31 2008

PUBLIC SERVICE  
COMMISSION  
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BOBBY H. RICHARDSON  
WOODFORD L. GARDNER, JR.  
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(1920-2005)  
T. RICHARD ALEXANDER II  
\_\_\_\_\_  
JOHN B. GARDNER

October 31, 2008

Ms. Stephanie Stumbo  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: Farmers Rural Electric Cooperative Pass-Through of East Kentucky Power  
Cooperative, Inc. Wholesale Rate Adjustment- PSC Case No. 2008-00414

Dear Ms. Stumbo:

Farmers Rural Electric Cooperative hereby submits to the Public Service Commission (the "Commission"), its Proposed Tariffs and other information required by 807 KAR 5:007 in regard to the pass-through of any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc., ("EKPC") in PSC Case No. 2008-00409. This filing includes the following:

1. Farmers Rural Electric Cooperative's Proposed Tariffs are attached as Exhibit 1.
2. The name and filing address of the filing cooperative is:  
Farmers Rural Electric Cooperative Corporation  
504 South Main Street  
P.O. Box 1298  
Glasgow, Kentucky 42141
3. In accordance with the provisions of KRS 278.455(2), Farmers Rural Electric Cooperative hereby states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.
4. A comparison of the current and proposed rates of Farmers Rural Electric Cooperative is attached as Exhibit 2.
5. Attached as Exhibit 3 is a billing analysis which shows the existing and proposed rates for each rate class.

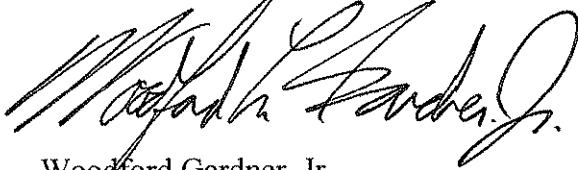
Ms. Stephanie Stumbo  
Page 2  
October 31, 2008

6. Farmers Rural Electric Cooperative recognizes that this pass-through will only apply to rates effective dated December 1, 2008, and does not apply to any future EKPC rate design changes that may be approved by the Commission.
7. A certification that an original and five (5) copies of this filing have been filed with the Office of Rate Intervention, Office of the Attorney General, is attached as Exhibit 4.
8. Notice of the proposed rate change has been given, not more than thirty (30) days prior to October 31, 2008, by publication in a newspaper of general circulation in the affected area of Farmers Rural Electric Cooperative. A copy of this notice is attached as Exhibit 5.

Farmers Rural Electric Cooperative hereby requests that the Commission accept this filing and allow the pass-through to its retail rates of the wholesale rate adjustment granted to EKPC as of the effective date of such adjustment.

Respectfully submitted,

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION



Woodford Gardner, Jr.  
Attorney

cc Farmers Rural Electric Co-op Corp.  
504 S. Broadway Street  
Glasgow, KY 42141



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

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**RATES AND CHARGES**

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**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:

|               |        |   |           |     |
|---------------|--------|---|-----------|-----|
| First         | 50 kWh | @ | \$0.16145 | (1) |
| All Remaining | kWh    | @ | 0.07484   | (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.

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DATE OF ISSUE October 31, 2008  
Month / Date / Year

DATE EFFECTIVE Service Rendered Beginning December 1, 2008  
Month / Date / Year

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

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

19<sup>th</sup> 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 \$8.07 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kWh corresponding to the minimum charge in accordance with the foregoing rate. The minimum monthly charge for three-phase service shall be \$0.75 per kVA of installed transformer capacity. (I)

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

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(Signature of Officer)

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

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**RATES AND CHARGES**

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**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

|               |        |   |                   |     |
|---------------|--------|---|-------------------|-----|
| First         | 50 kWh | @ | \$0.16145 per kWh | (I) |
| All Remaining | kWh    | @ | 0.07836 per kWh   | (I) |

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

Kilowatt Demand Charge: \$5.46 per kW (I)

Energy Charge:

|     |      |                   |     |
|-----|------|-------------------|-----|
| All | kWh@ | \$0.06133 per kWh | (I) |
|-----|------|-------------------|-----|

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(Signature of Officer)

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

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**RATES AND CHARGES**

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**SCHEDULE C – COMMERCIAL & INDUSTRIAL SERVICE**

**DETERMINATION OF BILLING DEMAND:** The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

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

**MINIMUM MONTHLY CHARGE:** The minimum monthly charge under the above rates shall be \$8.07 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kilowatt hours corresponding to the minimum charge in accordance with the foregoing rate. (I)

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

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(Signature of Officer)

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

**RATES AND CHARGES**

**SCHEDULE 0L – 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                       | \$ 7.53                        | (I) |
| Mercury Vapor       | 250          | 98                       | 8.58                           | (I) |
| Mercury Vapor       | 400          | 156                      | 13.02                          | (I) |
| Mercury Vapor       | 1000         | 378                      | 22.76                          | (I) |
| Sodium Vapor        | 100          | 42                       | 7.89                           | (I) |
| Sodium Vapor        | 150          | 63                       | 9.15                           | (I) |
| Sodium Vapor        | 250          | 105                      | 12.40                          | (I) |
| Sodium Vapor        | 400          | 165                      | 15.90                          | (I) |
| Sodium Vapor        | 1000         | 385                      | 34.40                          | (I) |

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

CONDITIONS OF SERVICE:

1. Outdoor lighting, including lamps, fixture, other necessary facilities and electric energy, will be furnished by the Cooperative.
2. Above service is limited to one existing wood pole per fixture.
3. Lamp replacements will be furnished and made by the Cooperative except in cases of vandalism or willful destruction.
4. Service required other than the above shall be paid for by the consumer according to the initial cost of such installation.

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

TITLE President & CEO



FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

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**RATES AND CHARGES**

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**SCHEDULE SL – STREET LIGHTING SERVICE**

APPLICABLE: In all territory served by the Cooperative.

AVAILABILITY: Available to federal, state and local governmental agencies for dusk to dawn street lighting subject to established rules and regulations.

TYPE OF SERVICE: Automatic dusk to dawn lighting systems, single-phase, 60 cycles, at available secondary voltages.

MONTHLY RATE:

Energy Charge: The monthly energy charge for each type of lamp shall be \$0.04976 per rated kWh per month as determined from Table I below: (I)

TABLE I

| <u>Type of Lamp</u>  | <u>Lamp Size</u> |               | <u>Rated kWh</u> |
|----------------------|------------------|---------------|------------------|
|                      | <u>Watts</u>     | <u>Lumens</u> |                  |
| Mercury Vapor        | 175              | 7,650         | 70               |
| Mercury Vapor        | 250              | 10,400        | 98               |
| Mercury Vapor        | 400              | 19,100        | 156              |
| High Pressure Sodium | 100              | 8,550         | 42               |
| High Pressure Sodium | 250              | 23,000        | 105              |
| High Pressure Sodium | 400              | 45,000        | 165              |
| High Pressure Sodium | 1,000            | 126,000       | 385              |

Facility Charge: The books of the Cooperative shall accurately reflect the Cooperative's total investment in facilities for each specific agency receiving service under this tariff. The monthly facility charge for a given agency shall be 1.14 percent of said total investment.

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

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

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**RATES AND CHARGES**

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**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

Kilowatt Demand Charge: \$5.47 per kW (I)

Energy Charge:

All kWh @ \$0.06133 per kWh (I)

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

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

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

**RATES AND CHARGES**

**SCHEDULE E – LARGE INDUSTRIAL RATE**

APPLICABLE: In all territory served by the seller.

AVAILABILITY: Available to all consumers who are or shall be members of the Seller where the monthly contract demand is 1,000 to 4,999 kW with a monthly energy usage equal to or greater than 425 hours per kW of billing demand, all subject to the established rules and regulations of the Seller.

MONTHLY RATE:

|                  |                    |     |
|------------------|--------------------|-----|
| Consumer Charge: | \$593.45 per Month | (I) |
| Demand Charge:   | 5.98 per kW        | (I) |
| Energy Charge:   | 0.04597 per kWh    | (I) |

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

- (a) The contract demand,
- (b) The consumer's highest demand during the current month or preceding eleven months 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<br/>DEMAND BILLING - EST</u> |
|-----------------------|--|
| October through April | 7:00 A.M. to 12:00 Noon<br>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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(Signature of Officer)

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

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**RATES AND CHARGES**

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**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: \$0.04491 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.<br>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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(Signature of Officer)

TITLE President & CEO

FOR ALL TERRITORY SERVED  
Community, Town or City

P.S.C. KY. NO. 9

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

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

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

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

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**RATES AND CHARGES**

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**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: \$0.04701 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.<br>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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ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE President & CEO



**EXHIBIT 2**  
**Page 1 of 1**

The present and proposed rates structures of Farmers RECC are listed below:

|     | <u>Rate Class</u>                                | <u>Existing Rates</u> | <u>Proposed Rates</u> |
|-----|--|-----------------------|-----------------------|
| R   | Schedule R – Residential Service                 |                       |                       |
|     | Minimum Monthly Charge                           | \$7.48                | \$8.07                |
|     | Energy First 50 kWh per Month                    | \$0.14963             | \$0.16145             |
|     | Energy All Over 50 kWh per Month                 | \$0.06936             | \$0.07484             |
| RM  | Off-Peak Retail Marketing Rate                   |                       |                       |
|     | Energy – All kWh                                 | \$0.04162             | \$0.04491             |
| C-1 | Commercial & Industrial – Demand Less Than 50 kW |                       |                       |
|     | Minimum Monthly Charge                           | \$7.48                | \$8.07                |
|     | Energy Charge First 50 kWh                       | \$0.14963             | \$0.16145             |
|     | Energy Charge All Over 50 kWh                    | \$0.07262             | \$0.07836             |
| C-2 | Commercial & Industrial – Demand 50 kW or Above  |                       |                       |
|     | Minimum Monthly Charge                           | \$7.48                | \$8.07                |
|     | Demand Charge per kW                             | \$5.06                | \$5.46                |
|     | Energy Charge per kWh                            | \$0.05684             | \$0.06133             |
| CM  | Commercial Off-Peak Retail Marketing Rate        |                       |                       |
|     | Energy – All kWh                                 | \$0.04357             | \$0.04701             |
| OL  | Outdoor Lighting Service                         |                       |                       |
|     | Mercury Vapor 175 Watts                          | \$6.98                | \$7.53                |
|     | Mercury Vapor 250 Watts                          | \$7.95                | \$8.58                |
|     | Mercury Vapor 400 Watts                          | \$12.04               | \$13.02               |
|     | Mercury Vapor 1,000 Watts                        | \$21.09               | \$22.76               |
|     | Sodium Vapor 100 Watts                           | \$7.31                | \$7.89                |
|     | Sodium Vapor 150 Watts                           | \$8.48                | \$9.15                |
|     | Sodium Vapor 250 Watts                           | \$11.49               | \$12.40               |
|     | Sodium Vapor 400 Watts                           | \$14.74               | \$15.90               |
|     | Sodium Vapor 1,000 Watts                         | \$31.88               | \$34.40               |
| SL  | Street Lighting Service                          |                       |                       |
|     | Energy Service per Rated kWh                     | \$0.04612             | \$0.04976             |
| D   | Schedule D - Large Commercial/Industrial Service |                       |                       |
|     | Optional Time-of-Day Rate                        |                       |                       |
|     | Demand Charge per kW                             | \$5.07                | \$5.47                |
|     | Energy Charge per kWh                            | \$0.05684             | \$0.06133             |
| E   | Schedule E - Large Industrial Rate               |                       |                       |
|     | Consumer Charge / Mo                             | \$550.00              | \$593.45              |
|     | Demand Charge per kW                             | \$5.54                | \$5.98                |
|     | Energy Charge / kWh                              | \$0.0426              | \$0.04597             |





Farmers Rural Electric Cooperative Corporation  
Billing Analysis  
for the 12 months ended September 30, 2006

|  | Existing<br>Total \$ | % to<br>Total  | Proposed<br>Total \$ | % to<br>Total  | \$ Increase      | % Increase   |
|--|----------------------|----------------|----------------------|----------------|------------------|--------------|
| Schedule R - Residential Service   | 23,911,190           | 64.10%         | 25,800,313           | 64.10%         | 1,889,122        | 7.90%        |
| Schedule RM - Residential Off-Peak Marketing                               | 88,918               | 0.24%          | 95,947               | 0.24%          | 7,029            | 7.90%        |
| Schedule C Section 1 - Commercial & Industrial Service Less than 50 kW     | 2,366,866            | 6.35%          | 2,553,937            | 6.35%          | 187,071          | 7.90%        |
| Schedule CM - Small Commercial Off-Peak Marketing                          | 421                  | 0.00%          | 454                  | 0.00%          | 33               | 7.90%        |
| Schedule C Section 2 - Commercial & Industrial Service 50 kW or Above      | 2,188,118            | 5.87%          | 2,360,994            | 5.87%          | 172,875          | 7.90%        |
| Schedule C Section 2a - Commercial & Industrial Service 50 kW or Above     | 3,898,679            | 10.45%         | 4,206,692            | 10.45%         | 308,013          | 7.90%        |
| Schedule D - Large Commercial/Industrial Service Optional Time-of-Day Rate | 519,021              | 1.39%          | 560,009              | 1.39%          | 40,988           | 7.90%        |
| Schedule E - Large Industrial Rate   | 3,607,053            | 9.67%          | 3,892,605            | 9.67%          | 285,551          | 7.92%        |
| Schedule SL - Street Lighting Service                                      | 20,544               | 0.06%          | 22,166               | 0.06%          | 1,621            | 7.89%        |
| Schedule OL - Outdoor Lighting Service                                     | 700,986              | 1.88%          | 756,222              | 1.88%          | 55,236           | 7.88%        |
| <b>Total Base Rates</b>  | <b>37,301,797</b>    | <b>100.00%</b> | <b>40,249,337</b>    | <b>100.00%</b> | <b>2,947,540</b> | <b>7.90%</b> |
| <b>FAC &amp; ES</b>  | <b>4,794,526</b>     |                | <b>4,794,526</b>     |                |                  |              |
| <b>Total Including FAC and ES</b>  | <b>42,096,323</b>    |                | <b>45,043,863</b>    |                | <b>2,947,540</b> | <b>7.00%</b> |

Farmers Rural Electric Cooperative  
Billing Analysis  
for the 12 months ended June 30, 2008

Schedule R  
Residential Service

|                                    | Existing            |              |                         | Proposed     |                     |                    | \$ Increase | % Increase |                      |               |                     |                    |
|------------------------------------|---------------------|--------------|-------------------------|--------------|---------------------|--------------------|-------------|------------|----------------------|---------------|---------------------|--------------------|
|                                    | Actual Billing Data | Escalation % | Billing Units Escalated | Current Rate | Annualized Revenues | % Total Rate Class |             |            | Billing Determinants | Proposed Rate | Annualized Revenues | % Total Rate Class |
| Total Annual Invoices - Incl Min I | 264,717             | 1.38%        | 268,370                 | \$7.48       | \$239,016           | 1.00%              | 268,370     | \$8.07     | \$257,869            | 1.00%         | 18,853              | 7.89%              |
| Customer Charge / Energy Char      | 31,519              | 1.38%        | 31,954                  |              |                     |                    | 31,954      |            |                      |               |                     |                    |
| Energy charge per kWh              | 11,659,900          | 0.90%        | 11,764,839              | \$0.14963    | 1,760,373           | 7.36%              | 11,764,839  | \$0.16145  | 1,899,433            | 7.36%         | 139,060             | 7.90%              |
| First 50 kWh                       | 313,096,225         | 0.90%        | 315,914,091             | \$0.06936    | 21,911,801          | 91.64%             | 315,914,091 | \$0.07484  | 23,643,011           | 91.64%        | 1,731,209           | 7.90%              |
| all over 50 kWh                    |                     |              |                         |              |                     |                    |             |            |                      |               |                     |                    |
| Total from base rates              |                     |              |                         |              | 23,911,190          | 100.00%            |             |            | 25,800,313           | 100.00%       | 1,889,122           | 7.90%              |
| Fuel adjustment                    |                     |              |                         |              | 1,490,556           |                    |             |            | 1,490,556            |               |                     |                    |
| Environmental surcharge            |                     |              |                         |              | 1,546,312           |                    |             |            | 1,546,312            |               |                     |                    |
| Total revenues                     |                     |              |                         |              | \$26,948,058        |                    |             |            | \$28,837,180         |               | \$1,889,122         | 7.01%              |
| Average Bill                       |                     |              |                         |              | \$100.41            |                    | 1,091       |            | \$107.45             |               | \$7.04              | 7.01%              |

Schedule RM  
Residential Off-Peak Marketing

|                         | Existing            |              |                         | Proposed     |                     |                    | \$ Increase | % Increase |                      |               |                     |                    |
|-------------------------|---------------------|--------------|-------------------------|--------------|---------------------|--------------------|-------------|------------|----------------------|---------------|---------------------|--------------------|
|                         | Actual Billing Data | Escalation % | Billing Units Escalated | Current Rate | Annualized Revenues | % Total Rate Class |             |            | Billing Determinants | Proposed Rate | Annualized Revenues | % Total Rate Class |
| Customer Bills          | 3,486               | 1.38%        | 3,534                   |              | \$0                 | 0.00%              | 3,534       | \$0.00     | \$0                  | 0.00%         |                     |                    |
| Energy charge per kWh   | 2,117,372           | 0.90%        | 2,136,428               | \$0.04162    | 88,918              | 100.00%            | 2,136,428   | \$0.04491  | 95,947               | 100.00%       | 7,029               | 7.90%              |
| Total from base rates   |                     |              |                         |              | 88,918              | 100.00%            |             |            | 95,947               | 100.00%       | 7,029               | 7.90%              |
| Fuel adjustment         |                     |              |                         |              | 6,638               |                    |             |            | 6,638                |               |                     |                    |
| Environmental surcharge |                     |              |                         |              | 5,287               |                    |             |            | 5,287                |               |                     |                    |
| Total revenues          |                     |              |                         |              | \$100,843           |                    |             |            | \$107,872            |               | 7,029               | 6.97%              |
| Average Bill            |                     |              |                         |              | \$28.54             |                    |             |            | \$30.52              |               | \$1.99              | 6.97%              |



**Farmers Rural Electric Cooperative**  
**Billing Analysis**  
**for the 12 months ended June 30, 2008**

**Schedule C Section 2**  
**Commercial & Industrial Service 50 kW and Over**  
**Rate 5**

|                         | Existing            |              |                         | Proposed     |                     |                    | \$ Increase | % Increase  |                      |                |                     |                    |  |
|-------------------------|---------------------|--------------|-------------------------|--------------|---------------------|--------------------|-------------|-------------|----------------------|----------------|---------------------|--------------------|--|
|                         | Actual Billing Data | Escalation % | Billing Units Escalated | Current Rate | Annualized Revenues | % Total Rate Class |             |             | Billing Determinants | Proposed Rate  | Annualized Revenues | % Total Rate Class |  |
| Customer Charge         | 947                 | 0.00%        | 947                     |              |                     |                    |             |             |                      |                |                     |                    |  |
| Demand Charge           | 94,392              | 1.30%        | 95,619                  | \$5.06       | \$483,832           | 22.11%             |             | \$5.46      | \$522,080            | 22.11%         | 38,248              | 7.91%              |  |
| Energy charge per kWh   | 29,716,472          | 0.90%        | 29,983,920              | \$0.05684    | 1,704,286           | 77.89%             |             | \$0.06133   | 1,838,914            | 77.89%         | 134,628             | 7.90%              |  |
| Total from base rates   |                     |              |                         |              | <u>2,188,118</u>    | <u>100.00%</u>     |             |             | <u>2,360,994</u>     | <u>100.00%</u> | <u>172,875</u>      | <u>7.90%</u>       |  |
| Fuel adjustment         |                     |              |                         |              | 148,329             |                    |             |             | 148,329              |                |                     |                    |  |
| Environmental surcharge |                     |              |                         |              | 144,356             |                    |             |             | 144,356              |                |                     |                    |  |
| Total revenues          |                     |              |                         |              | <u>\$2,480,802</u>  |                    |             |             | <u>\$2,653,678</u>   |                | <u>172,875</u>      | <u>6.97%</u>       |  |
| Average Bill            |                     |              |                         | \$ 2,619.64  |                     |                    |             | \$ 2,802.19 |                      |                | \$ 182.55           | 6.97%              |  |

**Schedule C Section 2a**  
**Commercial & Industrial Service 50 kW or Above**  
**Rate 9**

|                         | Existing            |              |                         | Proposed     |                     |                    | \$ Increase | % Increase   |                      |                |                     |                    |
|-------------------------|---------------------|--------------|-------------------------|--------------|---------------------|--------------------|-------------|--------------|----------------------|----------------|---------------------|--------------------|
|                         | Actual Billing Data | Escalation % | Billing Units Escalated | Current Rate | Annualized Revenues | % Total Rate Class |             |              | Billing Determinants | Proposed Rate  | Annualized Revenues | % Total Rate Class |
| Customer Charge         | 61                  | 0.00%        | 61                      |              | \$0                 |                    |             |              | -                    |                |                     |                    |
| Demand Charge           | 141,414             | 1.30%        | 143,252                 | \$5.06       | 724,855             | 18.59%             |             | \$5.46       | 782,156              | 18.59%         | 57,301              | 7.91%              |
| Energy Charge           | 55,339,800          | 0.90%        | 55,837,858              | \$0.05684    | 3,173,824           | 81.41%             |             | \$0.06133    | 3,424,536            | 81.41%         | 250,712             | 7.90%              |
| Total Baseload Charges  |                     |              |                         |              | <u>\$3,898,679</u>  | <u>100.00%</u>     |             |              | <u>4,206,692</u>     | <u>100.00%</u> | <u>308,013</u>      | <u>7.90%</u>       |
| Fuel adjustment         |                     |              |                         |              | 276,745             |                    |             |              | 276,745              |                |                     |                    |
| Environmental surcharge |                     |              |                         |              | 228,184             |                    |             |              | 228,184              |                |                     |                    |
| Total Revenues          |                     |              |                         |              | <u>\$4,403,608</u>  |                    |             |              | <u>4,711,621</u>     |                | <u>308,013</u>      | <u>6.99%</u>       |
| Average Bill            |                     |              |                         | \$ 72,190.30 |                     |                    |             | \$ 77,239.69 |                      |                | \$ 5,049.39         | 6.99%              |

Farmers Rural Electric Cooperative  
Billing Analysis  
for the 12 months ended June 30, 2008

Schedule D  
Large Commercial / Industrial Service Optional Time-of-Day Rate

|   | Existing            |              |                         | Proposed     |                     |                    | \$ Increase | % Increase |                      |               |
|---|---------------------|--------------|-------------------------|--------------|---------------------|--------------------|-------------|------------|----------------------|---------------|
|   | Actual Billing Data | Escalation % | Billing Units Escalated | Current Rate | Annualized Revenues | % Total Rate Class |             |            | Billing Determinants | Proposed Rate |
| Customer Charge                         | 84                  | 0.00%        | 84                      | \$0          | \$0                 | 0.00%              |             | \$0        | -                    | 0.00%         |
| Demand Charge                           | 23,446              | 1.30%        | 23,751                  | \$5.07       | 120,418             | 23.20%             |             | \$5.47     | 129,918              | 23.20%        |
| Energy Charge Per kWh                   | 6,950,180           | 0.90%        | 7,012,732               | \$0.05684    | 398,604             | 76.80%             |             | \$0.06133  | 430,091              | 76.80%        |
| Total Baseload Charges                  |                     |              |                         |              | <u>\$519,021</u>    | 100.00%            |             |            | <u>\$560,009</u>     | 100.00%       |
| Fuel adjustment Environmental surcharge |                     |              |                         |              | 33,224              |                    |             |            | 33,224               |               |
|   |                     |              |                         |              | <u>31,020</u>       |                    |             |            | <u>31,020</u>        |               |
| Total Revenues                          |                     |              |                         |              | <u>\$583,265</u>    |                    |             |            | <u>624,253</u>       |               |
| Average Bill                            |                     |              |                         |              | \$ 6,944            |                    |             |            | 7,432                |               |
|   |                     |              |                         |              |                     |                    |             |            | 487.95               | 7.03%         |
|   |                     |              |                         |              |                     |                    |             |            | 31,487               | 7.90%         |
|   |                     |              |                         |              |                     |                    |             |            | <u>\$40,988</u>      | <u>7.90%</u>  |

Schedule E  
Large Industrial Rate Rate 10

|   | Existing            |              |                         | Proposed     |                     |                    | \$ Increase | % Increase |                      |               |
|---|---------------------|--------------|-------------------------|--------------|---------------------|--------------------|-------------|------------|----------------------|---------------|
|   | Actual Billing Data | Escalation % | Billing Units Escalated | Current Rate | Annualized Revenues | % Total Rate Class |             |            | Billing Determinants | Proposed Rate |
| Customer Charge                         | 36                  | 0.00%        | 36                      | \$550.00     | \$19,800            | 0.55%              |             | \$593.45   | 21,364               | 0.55%         |
| Demand Charge                           | 117,229             | 1.30%        | 118,763                 | \$5.54       | 657,992             | 18.24%             |             | \$5.98     | 710,143              | 18.24%        |
| Energy Charge Per kWh                   | 68,151,000          | 0.90%        | 68,764,359              | \$0.04260    | 2,929,362           | 81.21%             |             | \$0.04597  | 3,161,098            | 81.21%        |
| Total Baseload Charges                  |                     |              |                         |              | <u>\$3,607,053</u>  | 100.00%            |             |            | <u>\$3,892,605</u>   | 100.00%       |
| Fuel adjustment Environmental surcharge |                     |              |                         |              | 334,537             |                    |             |            | 334,537              |               |
|   |                     |              |                         |              | <u>233,527</u>      |                    |             |            | <u>233,527</u>       |               |
| Total Revenues                          |                     |              |                         |              | <u>\$4,175,117</u>  |                    |             |            | <u>4,460,669</u>     |               |
| Average Bill                            |                     |              |                         |              | \$ 115,975.48       |                    |             |            | \$ 123,907.47        |               |
|   |                     |              |                         |              |                     |                    |             |            | 1,564                | 7.90%         |
|   |                     |              |                         |              |                     |                    |             |            | 52,251               | 7.94%         |
|   |                     |              |                         |              |                     |                    |             |            | 231,736              | 7.91%         |
|   |                     |              |                         |              |                     |                    |             |            | <u>\$285,551</u>     | <u>7.92%</u>  |
|   |                     |              |                         |              |                     |                    |             |            | -                    |               |
|   |                     |              |                         |              |                     |                    |             |            | 285,551              | 6.84%         |
|   |                     |              |                         |              |                     |                    |             |            | 7,931.98             | 6.84%         |

Farmers Rural Electric Cooperative  
 Billing Analysis  
 for the 12 months ended June 30, 2008

Schedule SL  
 Street Lighting Service  
 Rate 6

|                         | Existing            |              |                      | Proposed     |                     |                    | \$ Increase | % Increase |                      |                |                     |                    |  |
|-------------------------|---------------------|--------------|----------------------|--------------|---------------------|--------------------|-------------|------------|----------------------|----------------|---------------------|--------------------|--|
|                         | Actual Billing Data | Escalation % | Billing Determinants | Current Rate | Annualized Revenues | % Total Rate Class |             |            | Billing Determinants | Proposed Rate  | Annualized Revenues | % Total Rate Class |  |
| Customer Charge         | 96                  | 0.00%        | 96                   |              |                     |                    |             |            |                      |                |                     |                    |  |
| Energy Charge Per kWh   | 445,449             | 0.00%        | 445,449              | \$0.04612    | 20,544              | 100.00%            | 445,449     | \$0.04976  | 22,166               | 100.00%        | 1,621               | 7.89%              |  |
| Total Base-load Charges |                     |              |                      |              | <u>\$20,544</u>     | <u>100.00%</u>     |             |            | <u>\$22,166</u>      | <u>100.00%</u> | <u>\$1,621</u>      | <u>7.89%</u>       |  |
| Fuel adjustment         |                     |              |                      |              | 3,322               |                    |             |            | 3,322                |                | -                   | 0.00%              |  |
| Environmental surcharge |                     |              |                      |              | 3,064               |                    |             |            | 3,064                |                | -                   | 0.00%              |  |
| Total Revenues          |                     |              |                      |              | <u>\$26,929</u>     |                    |             |            | <u>28,551</u>        |                | <u>1,621</u>        | <u>6.02%</u>       |  |
| Average Bill            |                     |              |                      | \$           | 280.51              |                    |             |            | 297                  |                | 16.89               | 6.02%              |  |

Farmers Rural Electric Cooperative Corporation  
Billing Analysis  
for the 12 months ended September 30, 2006

Schedule OL - Outdoor Lighting Service

|                                    | Existing             |         |                     | Per kWh   | Proposed            |                     |         | % to Total | % Increase | % Increase |            |
|------------------------------------|----------------------|---------|---------------------|-----------|---------------------|---------------------|---------|------------|------------|------------|------------|
|                                    | Billing Determinants | Rate    |                     |           | Billing Determinant | Rate                |         |            |            |            | % to Total |
|                                    |                      | Current | Annualized Revenues |           |                     | Annualized Revenues |         |            |            |            |            |
| OL Mercury Vapor 175 Watt          | 70                   | 88,614  | \$ 6.98             | 6,202,980 | 88,614              | 7.53                | 667,263 | 88.24%     | 48,737.70  | 7.88%      |            |
| OL Mercury Vapor 175 Watt (shared) | 23                   | 656     | \$ 6.98             | 15,088    | 656                 | 7.53                | 4,940   | 0.65%      | 360.80     | 7.88%      |            |
| OL Mercury Vapor 250 Watt          | 98                   | 818     | \$ 7.95             | 80,164    | 818                 | 8.58                | 7,018   | 0.93%      | 515.34     | 7.92%      |            |
| OL Mercury Vapor 400 Watt          | 156                  | 2,036   | \$ 12.07            | 317,616   | 2,036               | 13.02               | 26,509  | 3.51%      | 1,934.20   | 7.87%      |            |
| OL Mercury Vapor 1000 Watt         | 378                  | 12      | \$ 21.09            | 4,536     | 12                  | 22.76               | 273     | 0.04%      | 20.04      | 7.92%      |            |
| OL Sodium Vapor 100 Watt           | 42                   | 409     | \$ 7.31             | 17,178    | 409                 | 7.89                | 3,227   | 0.43%      | 237.22     | 7.93%      |            |
| OL Sodium Vapor 150 Watt           | 63                   | 255     | \$ 8.48             | 16,065    | 255                 | 9.15                | 2,333   | 0.31%      | 170.85     | 7.90%      |            |
| OL Sodium Vapor 250 Watt           | 105                  | 383     | \$ 11.49            | 40,215    | 383                 | 12.40               | 4,749   | 0.63%      | 348.53     | 7.92%      |            |
| OL Sodium Vapor 400 Watt           | 165                  | 2,510   | \$ 14.74            | 414,150   | 2,510               | 15.90               | 39,909  | 5.28%      | 2,911.50   | 7.87%      |            |
| OL Sodium Vapor 1000 Watt          | 385                  | -       | \$ 31.88            | -         | 0                   | 34.40               | -       | 0.00%      | -          | -          |            |
| <b>Total Base Rates</b>            |                      | 95,693  |                     | 7,107,992 | 95,693              |                     | 756,222 | 100.00%    | \$55,236   | 7.88%      |            |
| <b>Average Bill</b>                |                      |         |                     |           |                     |                     | 7.90    |            |            | 7.88%      |            |

\* Includes Adjustment

|                                    |          |       |       |      |       |
|------------------------------------|----------|-------|-------|------|-------|
| OL Mercury Vapor 175 Watt          | \$ 6.98  | 7.53  | 7.88% | 0.55 | 7.88% |
| OL Mercury Vapor 175 Watt (shared) | \$ 6.98  | 7.53  | 7.88% | 0.55 | 7.88% |
| OL Mercury Vapor 250 Watt          | \$ 7.95  | 8.58  | 7.92% | 0.63 | 7.92% |
| OL Mercury Vapor 400 Watt          | \$ 12.07 | 13.02 | 7.87% | 0.95 | 7.87% |
| OL Mercury Vapor 1000 Watt         | \$ 21.09 | 22.76 | 7.92% | 1.67 | 7.92% |
| OL Sodium Vapor 100 Watt           | \$ 7.31  | 7.89  | 7.93% | 0.58 | 7.93% |
| OL Sodium Vapor 150 Watt           | \$ 8.48  | 9.15  | 7.90% | 0.67 | 7.90% |
| OL Sodium Vapor 250 Watt           | \$ 11.49 | 12.40 | 7.92% | 0.91 | 7.92% |
| OL Sodium Vapor 400 Watt           | \$ 14.74 | 15.90 | 7.87% | 1.16 | 7.87% |
| OL Sodium Vapor 1000 Watt          | \$ 31.88 | 34.40 | 7.90% | 2.52 | 7.90% |





FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION

CASE NO. 2008-00414

I, Ann F. Wood, hereby certify that an original and five copies of the filing provided to the Kentucky Public Service Commission have been sent to the Office of Rate Intervention, Office of the Attorney General.

*Ann F. Wood*

Ann F. Wood  
East Kentucky Power Cooperative, Inc.

Subscribed and sworn before me on this 31st day of October, 2008.

*Reagan S. Duffin*  
Notary Public

My Commission expires:

*December 8, 2009*



**NOTICE OF PROPOSED RATE CHANGE**

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set forth in 807 KAR 5:007, Section 3, of the Rules and Regulations of the Public Service Commission, notice is hereby given to the member consumers of Farmers Rural Electric Cooperative Corporation of a proposed rate adjustment. An Application for Approval of Adjustment to Rates will be filed with the Public Service Commission on October 31, 2008, Case No. 2008-00414. The rates are being revised to reflect a change in wholesale rates pursuant to KRS 278.455(2). This adjustment will result in a general rate increase to the member-consumers of Farmers Rural Electric Cooperative Corporation. The amount and percent of increase by rate class are listed below.

| <u>Rate Class</u>   | <u>Increase</u> | <u>Increase</u> |
|---|-----------------|-----------------|
| Sch R – Residential Service                                   | \$1,889,122     | 7.01%           |
| Sch C – Commercial & Industrial Service                       | \$667,959       | 6.99%           |
| Sch D – Large Commercial & Industrial Optional<br>Time of Day | \$40,988        | 7.03%           |
| Sch OL – Outdoor Lighting Service                             | \$55,236        | 7.88%           |
| Sch SL – Street Lighting Service                              | \$1,621         | 6.02%           |
| Sch E – Large Industrial Rate                                 | \$285,551       | 6.84%           |
| Sch RM – Residential Off – Peak Marketing                     | \$7,029         | 6.97%           |
| Sch CM – Small Commercial Off – Peak<br>Marketing             | \$33            | 7.12%           |

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

| <u>Rate Class</u>   | <u>\$ Increase</u> | <u>% Increase</u> |
|---|--------------------|-------------------|
| Sch R – Residential Service                                   | \$7.04             | 7.01%             |
| Sch C – Commercial & Industrial Service                       | \$32.17            | 6.99%             |
| Sch D – Large Commercial & Industrial Optional<br>Time of Day | \$487.95           | 7.03%             |
| Sch OL – Outdoor Lighting Service                             | \$0.58             | 7.88%             |
| Sch SL – Street Lighting Service                              | \$16.89            | 6.02%             |
| Sch E – Large Industrial Rate                                 | \$7,931.98         | 6.84%             |
| Sch RM – Residential Off-Peak Marketing                       | \$1.99             | 6.97%             |
| Sch CM – Small Commercial Off – Peak<br>Marketing             | \$1.75             | 7.12%             |

The present and proposed rates structures of Farmers Rural Electric Cooperative Corporation are listed below:

| <u>Rate Class</u>                                  | <u>Present</u> | <u>Proposed</u> |
|--|----------------|-----------------|
| Schedule R – Residential Service                   |                |                 |
| First 50 kWh                                       | \$0.14963      | \$0.16145       |
| All Remaining kWh                                  | \$0.06936      | \$0.07484       |
| Schedule C – Commercial & Industrial Service       |                |                 |
| For Consumers With Less Than 50 kW:                |                |                 |
| First 50 kWh                                       | \$0.14963      | \$0.16145       |
| All Remaining kWh                                  | \$0.07262      | \$0.07836       |
| For Consumers With 50 kW or More                   |                |                 |
| Demand Charge per kW                               | \$5.06         | \$5.46          |
| Energy Charge per kWh                              | \$0.05684      | \$0.06133       |
| Schedule OL – Outdoor Lighting Service             |                |                 |
| Mercury Vapor 175 Watts                            | \$6.98         | \$7.53          |
| Mercury Vapor 250 Watts                            | \$7.95         | \$8.58          |
| Mercury Vapor 400 Watts                            | \$12.04        | \$13.02         |
| Mercury Vapor 1000 Watts                           | \$21.09        | \$22.76         |
| Sodium Vapor 100 Watts                             | \$7.31         | \$7.89          |
| Sodium Vapor 150 Watts                             | \$8.48         | \$9.15          |
| Sodium Vapor 250 Watts                             | \$11.49        | \$12.40         |
| Sodium Vapor 400 Watts                             | \$14.74        | \$15.90         |
| Sodium Vapor 1000 Watts                            | \$31.88        | \$34.40         |
| Schedule SL – Street Lighting Service              |                |                 |
| Energy Charge per Rated kWh                        | \$0.04612      | \$0.04976       |
| Schedule D – Large Commercial/ Industrial Optional |                |                 |
| Time-of-Day Rate                                   |                |                 |
| Demand / kW  | \$5.07         | \$5.47          |
| Energy Charge / kWh                                | \$0.05684      | \$0.06133       |
| Schedule E – Large Industrial Rate                 |                |                 |
| Consumer Charge / Month                            | \$550.00       | \$593.45        |
| Demand Charge / kW                                 | \$5.54         | \$5.98          |
| Energy Charge / kWh                                | \$0.0426       | \$0.04597       |
| Schedule RM – Residential Off-Peak Marketing       |                |                 |
| Energy Charge / kWh                                | \$0.04162      | \$0.04491       |
| Schedule CM – Small Commercial Off-Peak            |                |                 |
| Marketing  |                |                 |
| Energy Charge / kWh                                | \$0.04357      | \$0.04701       |

The rates contained in this notice are the rates proposed by Farmers Rural Electric Cooperative Corporation. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such actions may result in rates for consumers other than the rates in this notice.

Any person may examine the rate application at the main office of Farmers Rural Electric Cooperative Corporation at the following address:

Farmers Rural Electric Cooperative Corporation  
504 South Broadway  
Glasgow, KY 42141  
(270) 651-2191

Any person may also examine the rate application at the office of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky.