

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LICKING VALLEY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
PASS-THROUGH AN INCREASE OF ITS)	CASE NO.
WHOLESALE POWER SUPPLIER PURSUANT)	2008-00419
TO KRS 278.455(2))	

ORDER

On October 31, 2008, Licking Valley Rural Electric Cooperative Corporation (“Licking Valley”) submitted an application to pass-through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. (“EKPC”) in Case No. 2008-00409.¹ Licking Valley submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Section 2.

In its application, Licking Valley described how its proposed pass-through rates were developed:

In accordance with the provisions of KRS 278.455(2), Licking Valley RECC 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.²

KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that

¹ Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc. (Ky. PSC March 31, 2009)

² Application, Page 1.

will result in no change in the rate design currently in effect. Further, 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not alter the rate design currently in effect and that the revenue change has been allocated to each class and within each tariff on a proportional basis.

The Commission has reviewed the approach proposed by Licking Valley to pass-through any increases in the wholesale rates of EKPC and to allocate such increases to its retail rates. Based upon this review, the Commission finds that Licking Valley's approach complies with the provisions of KRS 278.455(2) and 807 KAR 5:007, Section 2(2), and, therefore, should be accepted.

The Commission issued an Order in Case No. 2008-00409 on March 31, 2009 authorizing a \$59.5 million annualized increase in EKPC's wholesale rates effective for service rendered on and after April 1, 2009. According to Licking Valley, this will increase its wholesale power cost by \$1,481,815 annually.³

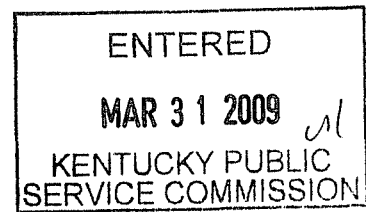
IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Licking Valley's application are rejected.
2. The approach proposed by Licking Valley to allocate its portion of the increase in the wholesale rates authorized in Case No. 2008-00409 is accepted.
3. The rates set forth in the tariff sheets in the Appendix hereto are approved for service rendered on and after April 1, 2009.

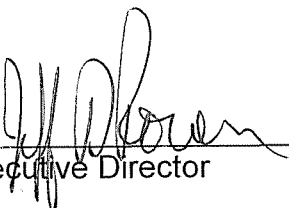
³ Response to Commission Staff's Supplemental Data Request issued on March 18, 2009.

4. Within 20 days from the date of this Order, Licking Valley shall file with the Commission its revised tariffs, setting out the rates approved herein and stating that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00419 DATED MAR 31 2009

Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Fifteenth Revised Sheet No. 1
Canceling P.S.C. KY No.
Fourteenth Revised Sheet No. 1

CLASSIFICATION OF SERVICE

SCHEDULE A – Residential, Farm, Small Community Hall & Church Service	RATE PER UNIT
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APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin, Menifee, Morgan, and Wolfe Counties, Kentucky).

AVAILABILTY OF SERVICE:

Available to members of the Cooperative for all residential and farm use, subject to its established rules and regulations. Available to members of the Cooperative for all community halls and churches with a transformer size of 25 KVA or less.

TYPE OF SERVICE:

Single-phase, 60 cycle 120/240 volts.

MONTHLY RATE:

Customer charge per delivery point	\$7.65
Energy charge per KWH	.078275

DELAYED PAYMENT CHARGE:

The above rates are net, the gross being five percent (5%) higher. In the event the current monthly bill is not paid by the Tenth (10th) of the following month from the date of the bill, the gross rates shall apply.

SPECIAL RULES:

Limited to individual motors up to ten horsepower (10 H.P.)

FUEL ADJUSMENT 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 the line losses will not exceed ten percent (10%) and is based on a twelve month moving average of such losses. This Fuel Adjustment Clause is subject to all other applicable provisions as set out in 807 KAR 5:056.”

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY _____, GENERAL MANAGER/CEO West Liberty Ky

Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Fifteenth Revised Sheet No. 2
Canceling P.S.C. KY No.
Fourteenth Revised Sheet No. 2

CLASSIFICATION OF SERVICE

SCHEDULE B – Commercial and Small Power Service	RATE PER UNIT
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APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin, Menifee, Morgan, and Wolfe Counties, Kentucky).

AVAILABILITY OF SERVICE:

Available to commercial consumer, small schools, small industrial consumer, and three-phase farm consumers for all uses including lighting, appliances, cooking, heating, and motors of 25 KVA or less, all subject to established rules and regulations of the Cooperative covering this service.

TYPE OF SERVICE:

Single-phase and three-phase where available, 60 cycle 120/240 volts.

MONTHLY RATE:

Customer charge per delivery point	\$15.85
Energy charge per KWH	.078204

MINIMUM MONTHLY ENERGY CHARGES:

For consumers requiring more than 10 KVA of transformer capacity, the minimum monthly charge shall be increased at the rate of 75 cents for each additional KVA or fraction thereof required.

DELAYED PAYMENT CHARGE:

The above rates are net, the gross being five percent (5%) higher. In the event the current monthly bills are not paid by the Tenth (10th) of the following month from the date of the bill, the gross rates shall apply.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY _____, GENERAL MANAGER/CEO West Liberty Ky

Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Fifteenth Revised Sheet No. 3
Canceling P.S.C. KY No.
Fourteenth Revised Sheet No. 3

CLASSIFICATION OF SERVICE

SCHEDULE FOR LARGE POWER SERVICE – LP

RATE
PER UNIT

APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin,
Menifee, Morgan, and Wolfe Counties, Kentucky)

AVAILABILITY OF SERVICE:

Available to consumers located on or near the Cooperative's three-phase
lines for all types of usage including churches and community halls in
excess of 25 KVA subject to the established rules and regulation of seller.

MONTHLY RATE:

Customer charge per delivery point	\$49.19
Energy charge per KWH	.062227

A demand charge of \$7.11 per KW

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand established
by the consumer for any period of fifteen (15) 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 following:

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 the
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 then divided by the actual power factor percent.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY _____, GENERAL MANAGER/CEO West Liberty Ky

Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Fifteenth Revised Sheet No. 4
Canceling P.S.C. KY No.
Fourteenth Revised Sheet No. 4

CLASSIFICATION OF SERVICE

SCHEDULE FOR LARGE POWER RATE – LPR

RATE
PER UNIT

APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin,
Menifee, Morgan, and Wolfe Counties, Kentucky)

AVAILABILITY OF SERVICE:

Available to all industrial users on or near the Cooperative's
lines whose kilowatt demand shall exceed 300 KW for lighting,
heating, and/or power. With the following exceptions: rock quarries,
sawmills, mines and any other service of a fluctuating nature due to
their poor load factor and temporary nature. This schedule and all
of its conditions must be agreed and entered into before the initial
connection.

CONDITIONS:

An "Agreement for Purchase of Power" shall be executed by the
consumer for service under this schedule.

CHARACTER OF SERVICE:

The electric service furnished under this schedule will be 60 cycle,
alternating current at available nominal voltage.

MONTHLY RATE:

Customer charge per delivery point	\$98.39
Energy charge per KWH	.054069

Demand charge of \$6.67 per KW

DETERMINATION OF BILLING DEMAND:

The billing demand shall be the maximum kilowatt demand
established by the consumer for any period of (15) consecutive

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY _____, GENERAL MANAGER/CEO West Liberty Ky

Licking Valley Rural Electric
Cooperative Corporation

For All Territory Served
P.S.C. KY NO.
Sixteenth Revised Sheet No. 5
Canceling P.S.C. KY No.
Fifteenth Revised Sheet No. 5

CLASSIFICATION OF SERVICE

SCHEDULE SL (Security Lights and/or Rural Lighting)	RATE PER UNIT
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APPLICABLE:

All consumers in the territory served (Breathitt, Lee, Magoffin,
Menifee, Morgan, and Wolfe Counties, Kentucky)

AVAILABILITY OF SERVICE:

The Cooperative will furnish and install a metal halide type light on a
twenty-five (25) foot pole or an existing Cooperative owned pole at a
location suitable to both parties. Location, however, shall be up to
150 feet from an existing Cooperative owned secondary line.

When a pole is nonexistent it will be furnished by the cooperative at the
following rate for overhead service:

25 ft Wood Pole	2.45 per pole per month
30 ft Wood Pole	2.84 per pole per month

MONTHLY RATE:

Service for the Metal Halide unit will be unmetered and will be per light
per month as follows:

100 Watt @	8.05
250 Watt @	12.30
400 Watt @	16.91

FUEL ADJUSTMENT CLAUSE:

“All rates are applicable to the Fuel Adjustment Clause and may be
increased or decreased by an amount per KWH as billed by the
Wholesale Power Supplier, plus an allowance for line losses.
The allowance for the line losses will not exceed ten percent (10%)
and is based on a twelve month moving average of such losses.
This Fuel Adjustment Clause is subject to all other applicable
provisions as set out in 807 KAR 5:056.”

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY _____, GENERAL MANAGER/CEO West Liberty Ky

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