

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF FARMERS)
RURAL ELECTRIC COOPERATIVE) CASE NO. 2008-00527
CORPORATION FROM NOVEMBER 1,)
2006 THROUGH OCTOBER 31, 2008)

O R D E R

Pursuant to 807 KAR 5:056, the Commission, on January 23, 2009, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Farmers Rural Electric Cooperative Corporation ("Farmers") for the two-year period ended October 31, 2008.

As part of this review, the Commission ordered Farmers to submit certain information and an affidavit attesting to its adherence to 807 KAR 5:056. Farmers has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested person advised the Commission of his or her intention to attend.

In Case No. 2008-00409,¹ the Commission authorized a \$59.5 million rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Farmers' power supplier. On April 20, 2009, Farmers filed its revised tariffs reflecting the rate increase

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

authorized by the Commission's March 31, 2009 Order in Case No. 2008-00414.² Farmers subsequently filed a revised tariff, at Commission Staff's request, which reflected the effect of the proposed FAC roll-in upon its approved base rates. On June 10, 2009, the Commission approved a settlement agreement in Farmers general rate case, Case No. 2008-00030.³ In response to a subsequent Commission Staff data request, Farmers provided rates which reflect the effect of the proposed FAC roll-in upon its approved settlement base rates.

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

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

2. East Kentucky, the wholesale supplier of Farmers, has been authorized to transfer (roll-in) a 10.15 mills per kWh increase in the base fuel cost to its base rates.⁴

3. Farmers should be authorized to transfer (roll-in) a 10.66 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 10.15 mills per kWh increase in East Kentucky's current base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

² Case No. 2008-00414, Application of Farmers Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2) (Ky. PSC Mar. 31, 2009).

³ Case No. 2008-00030, Application of Farmers Rural Electric Cooperative Corporation for an Adjustment in Rates (Ky. PSC June 10, 2009).

⁴ Case No. 2008-00519, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2006 to October 31, 2008 (Ky. PSC July 15, 2009).

4. The rates and charges in the Appendix to this Order are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Farmers through the FAC for the period from November 1, 2006 to October 31, 2008 are approved.

2. Farmers is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by East Kentucky from its FAC to its current base rates.

3. The rates in the Appendix to this Order are approved for service rendered by Farmers on and after August 1, 2009, the effective date of East Kentucky's change in rates.

4. Within 20 days of the date of this Order, Farmers shall file with the Commission revised tariff sheets setting out the rates approved herein.

By the Commission

ENTERED JUL 15 2009 KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00527 DATED JUL 15 2009

The following rates and charges are prescribed for the customers in the area served 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 the Commission prior to the effective date of this Order.

CLASS 1 RESIDENTIAL

Schedule R:		
All kWh (per kWh)	\$.09210
Schedule RM (ETS):		
All kWh (per kWh)	\$.05526

CLASS 4 SMALL COMMERCIAL AND INDUSTRIAL (BELOW 50 kW)

Schedule C-Section 1:		
All kWh (per kWh)	\$.08757
Schedule CM (ETS):		
All kWh (per kWh)	\$.05254

CLASS 5 LARGE COMMERCIAL AND INDUSTRIAL (50 kW & ABOVE)

Schedule C-Section 2:		
All kWh (per kWh)	\$.06917
Schedule D (TOD):		
All kWh (per kWh)	\$.06917
Schedule E:		
All kWh (per kWh)	\$.05617

CLASS 6
STREET LIGHTING

Schedule SL:			
All kWh (per kWh)		\$.06013

ALL CLASSES
OUTDOOR LIGHTING

Schedule OL:			
Mercury Vapor	175 Watt	\$	9.29
Mercury Vapor	175 Watt shared	\$	3.60
Mercury Vapor	250 Watt	\$	10.77
Mercury Vapor	400 Watt	\$	16.43
Mercury Vapor	1,000 Watt	\$	29.83
Sodium Vapor	100 Watt	\$	9.39
Sodium Vapor	150 Watt	\$	11.05
Sodium Vapor	250 Watt	\$	15.17
Sodium Vapor	400 Watt	\$	19.79
Sodium Vapor	1,000 Watt	\$	43.09

Bill Prather
President & CEO
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298