

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                              |   |                     |
|------------------------------|---|---------------------|
| AN EXAMINATION OF THE        | ) |                     |
| APPLICATION OF THE FUEL      | ) |                     |
| ADJUSTMENT CLAUSE OF INTER-  | ) |                     |
| COUNTY ENERGY COOPERATIVE    | ) | CASE NO. 2006-00518 |
| CORPORATION FROM NOVEMBER 1, | ) |                     |
| 2004 TO OCTOBER 31, 2006     | ) |                     |

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on December 18, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Inter-County Energy Cooperative Corporation ("Inter-County") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Inter-County to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Inter-County 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 party advised the Commission of its intention to attend.

In its April 1, 2007 Order in Case No. 2006-00472,<sup>1</sup> the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Inter-County's power supplier. On April 11, 2007, Inter-County filed its

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<sup>1</sup> Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order in Case No. 2006-00481.<sup>2</sup> In its June 13, 2007 data request, Commission Staff requested that Inter-County provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Inter-County has complied with that request.

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

1. Inter-County has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Inter-County, has been authorized to transfer (roll-in) a 6.13 mills per kWh increase in the base fuel cost to its base rates.<sup>3</sup>

3. Inter-County should be authorized to transfer (roll-in) a 6.46 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 6.13 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.

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

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<sup>2</sup> Case No. 2006-00481, Application of Inter-County Energy Cooperative to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

<sup>3</sup> Case No. 2006-00508, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2004 to October 31, 2006.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Inter-County through the FAC for the period November 1, 2004 to October 31, 2006 are approved.
2. Inter-County 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 base rates.
3. The rates in Appendix A are approved for service rendered by Inter-County on and after August 1, 2007, the effective date of East Kentucky's change in rates.
4. Within 20 days of the date of this Order, Inter-County shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 25<sup>th</sup> day of July, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2006-00518 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by Inter-County Energy 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.

SCHEDULE 1  
FARM AND HOME

All kWh per kWh \$ .08157

SCHEDULE 1-A  
FARM AND HOME MARKETING RATE (ETS)

All kWh per kWh \$ .04894

SCHEDULE 2  
SMALL COMMERCIAL AND SMALL POWER

All kWh per kWh \$ .07718

SCHEDULE 4  
LARGE POWER SERVICE

All kWh per kWh \$ .06444

SCHEDULE 5  
ALL ELECTRIC SCHOOL

All kWh per kWh \$ .06679

SCHEDULE 6  
OUTDOOR LIGHTING SERVICE-SECURITY LIGHT

Flat rate per light per month as follows:

|                        |          |
|------------------------|----------|
| 7,000 Lumen Lamp       | \$ 9.65  |
| 9,500 Lumen Lamp       | \$ 9.43  |
| 4,000 Lumen Dec. Col.  | \$ 11.75 |
| 9,500 Lumen Dec Col    | \$ 15.21 |
| 27,500 Lumen Dir. Fl.  | \$ 12.82 |
| 50,000 Lumen Dir. Fl.  | \$ 18.17 |
| 27,500 Lumen Cobra     | \$ 11.97 |
| 107,800 Lumen Dir. Fl. | \$ 33.82 |

SCHEDULE IND B1  
LARGE INDUSTRIAL RATE

|                       |           |
|-----------------------|-----------|
| Energy Charge per kWh | \$ .04324 |
|-----------------------|-----------|

SCHEDULE IND B2  
LARGE INDUSTRIAL RATE

|                       |           |
|-----------------------|-----------|
| Energy Charge per kWh | \$ .03755 |
|-----------------------|-----------|

SCHEDULE IND B3  
LARGE INDUSTRIAL RATE

|                       |           |
|-----------------------|-----------|
| Energy Charge per kWh | \$ .03652 |
|-----------------------|-----------|

SCHEDULE IND C1  
LARGE INDUSTRIAL RATE

|                       |           |
|-----------------------|-----------|
| Energy Charge per kWh | \$ .04301 |
|-----------------------|-----------|

SCHEDULE IND C2  
LARGE INDUSTRIAL RATE

|                       |           |
|-----------------------|-----------|
| Energy Charge per kWh | \$ .03789 |
|-----------------------|-----------|

SCHEDULE IND C3  
LARGE INDUSTRIAL RATE

|                       |           |
|-----------------------|-----------|
| Energy Charge per kWh | \$ .03686 |
|-----------------------|-----------|