

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF TAYLOR)	
COUNTY RURAL ELECTRIC)	CASE NO. 2006-00526
COOPERATIVE 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 Taylor County Rural Electric Cooperative Corporation (“Taylor County”) for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Taylor County to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Taylor 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. 2006-00472,¹ the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. (“East Kentucky”), Taylor County’s power supplier. On April 11, 2007, Taylor County filed its

¹ 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. 2006-00489.² In its June 13, 2007 data request, Commission Staff requested that Taylor County provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Taylor County has complied with that request.

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

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

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

3. Taylor County should be authorized to transfer (roll-in) a 6.52 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.

² Case No. 2006-00489, Application of Taylor County Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

³ 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 Taylor County through the FAC for the period November 1, 2004 to October 31, 2006 are approved.
2. Taylor 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 Taylor 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, Taylor County shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 25th 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. 2006-00526 DATED JULY 25, 2007

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

SCHEDULE A
RESIDENTIAL

All kWh per kWh \$.06952

SCHEDULE R-1
RESIDENTIAL MARKETING RATE

All kWh per kWh \$.04171

SCHEDULE GP1
SMALL COMMERCIAL

All kWh per kWh \$.06963

SCHEDULE GP2
LARGE POWER

All kWh per kWh \$.05134

SCHEDULE B1
LARGE INDUSTRIAL RATE

All kWh per kWh \$.04346

SCHEDULE B2
LARGE INDUSTRIAL RATE

All kWh per kWh \$.03833

SCHEDULE B3
LARGE INDUSTRIAL RATE

All kWh per kWh \$.03731

SCHEDULE C1
LARGE INDUSTRIAL RATE

All kWh per kWh \$.04346

SCHEDULE C2
LARGE INDUSTRIAL RATE

All kWh per kWh \$.03833

SCHEDULE C3
LARGE INDUSTRIAL RATE

All kWh per kWh \$.03731