



FLEMING-MASON ENERGY  
COOPERATIVE, INC.

P.O. Box 328 • FLEMINGSBURG, KENTUCKY 41041 • (606) 845-2661 • FAX (606) 845-1008

March 10, 2009

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

RECEIVED

MAR 12 2009

PUBLIC SERVICE  
COMMISSION

RE: Case No. 2008-00528

Dear Mr. Derouen:

Enclosed are the original and six copies of the notarized Affidavit of Mailing of the official notice of hearing of Fuel Adjustment Case No. 2008-00528 and a copy of the notice published.

Please contact the office if further information is required.

Sincerely,

A handwritten signature in cursive script that reads "Joni K Hazelrigg".

Joni K. Hazelrigg  
CFO

Enclosures

Cc: Attorney General's Office

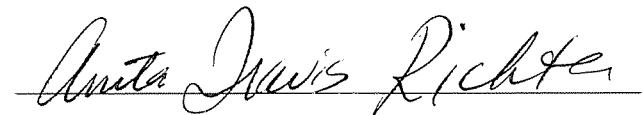
RECEIVED

MAR 12 2009

PUBLIC SERVICE  
COMMISSION

AFFIDAVIT OF MAILING  
OF HEARING NOTICE

Notice is hereby given that the March issue of  
*KENTUCKY LIVING*, bearing the official notice of hearing of PSC  
Case No. 2008-00528, concerning the application of the fuel adjustment clause  
from November 1, 2006, through October 31, 2008, for  
FLEMING-MASON ENERGY COOPERATIVE, was entered as direct mail at  
Danville, Kentucky, on February 26, 2009.



Anita Travis Richter  
Managing Editor  
*Kentucky Living*

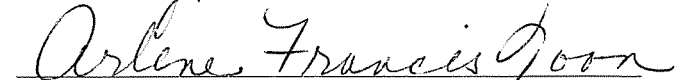
County of Jefferson

State of Kentucky

Sworn to and subscribed before me, a Notary Public,

this 3rd day of March, 2009.

My commission expires January 10, 2012.



Notary Public, State of Kentucky

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Louisville, Kentucky 40232

4515 Bishop Lane  
Louisville, Kentucky 40218

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# How the 2008 economy affected food prices

Last year was an interesting economic year, to say the least, especially for food and farming.

Housing prices fell. The dollar weakened, strengthened a bit, and then weakened again. Commodity prices soared, pulling fuel and grocery bills along with them. But in the fall, commodities began leveling off and oil dropped to around \$40 a barrel. Gasoline prices followed, hitting a number many people thought they'd never see again. But food prices are still up there.

"Historically, retail food prices are 'sticky,'" says Larry Jones, agricultural economist with the University of Kentucky College of Agriculture. "What that means is that retail prices increase very slowly as commodity prices go up, but at the same time retail prices are very slow to decline once commodity prices go down."

Jones says U.S. retail food prices in 2008 increased at the fastest rate in nearly 30 years. And many analysts believe when all is said and done, the Consumer Price Index for food will have increased close to 7 percent in 2008, with a similar outcome in 2009.

It's not just commodity prices that have pushed up the price of food. As global population expands, so does demand. China and India are among the rapidly developing nations that are responsible for increasing demand not just for food in general, but for meats and processed foods specifically.

That would be well and good if supply were keeping up with demand. But Jones says that world production increases have

been steadily slowing as a result of less available land and slowing increases in annual productivity.

Interest rates were kept low to stimulate economic growth, but the low rates contributed to the devaluation of the U.S. dollar. A weak dollar keeps the price of imported foods high. Jones says there is a tradeoff, however. Our food exports are less expensive to the rest of the world, which stimulates U.S. export markets.

For all of that, food prices did not rise as high as they could have, which also has an effect on how far they will eventually drop.

"Retail pricing of food appears to be predicated on the assumption that consumers dislike fluctuating prices on something as basic as food," Jones says.

As an example, he cites the fact that wholesale food prices increased approximately 8 percent in each of the past two years. Yet the retail price of food increased less than 5 percent on average each year.

"As commodity prices increased, retailers absorbed the increase, but now as commodity prices decline, retailers are not following suit by lowering prices at the retail level," he says.

"Remember, too, the farm share of a hypothetical retail food dollar is about 20 cents, meaning the other 80 cents goes for such things as transportation, utilities, packaging, processing, advertising, and profits. In other words, agricultural commodities represent a relatively small portion of the cost of food at the retail level."

—Carol L. Spence, UK Extension



## Energy Efficiency

### Tip of the Month

Check your filter every month, especially during heavy use months (winter and summer). At a minimum, change the filter every three months. A dirty filter will slow down air flow and make the system work harder — wasting energy. A clean filter also prevents dust and dirt from building up in the system.

Source: Energy Star

## HEARING NOTICE

A public hearing will be held on Tuesday, March 17, 2009, at 10 a.m., Eastern Daylight Time, at the offices of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky, to examine the application of the fuel adjustment clause of the following corporations for the period November 1, 2006, through October 31, 2008. Individuals interested in attending this hearing shall notify the Public Service Commission in writing of their intent to attend no later than March 13, 2009. If no notices of intent to attend are received by this date, this hearing will be cancelled. Written notice of intent to attend this hearing should be sent to: Jeff Derouen, Executive Director, Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

### Big Sandy RECC

Case No. 2008-00523

### Blue Grass Energy Cooperative Corp.

Case No. 2008-00524

### Clark Energy Cooperative

Case No. 2008-00525

### Cumberland Valley Electric

Case No. 2008-00526

### Farmers RECC

Case No. 2008-00527

### Fleming-Mason Energy Cooperative

Case No. 2008-00528

### Grayson RECC

Case No. 2008-00529

### Inter-County Energy Cooperative

Case No. 2008-00530

### Jackson Energy Cooperative

Case No. 2008-00531

### Licking Valley RECC

Case No. 2008-00532

### Nolin RECC

Case No. 2008-00533

### Owen Electric Cooperative

Case No. 2008-00534

### Salt River Electric Cooperative

Case No. 2008-00535

### Shelby Energy Cooperative

Case No. 2008-00536

### South Kentucky RECC

Case No. 2008-00537

### Taylor County RECC

Case No. 2008-00538