

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF LICKING)	
VALLEY RURAL ELECTRIC)	CASE NO. 2008-00532
COOPERATIVE 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 Licking Valley Rural Electric Cooperative Corporation (“Licking Valley”) for the two-year period ended October 31, 2008.

As part of this review, the Commission ordered Licking Valley to submit certain information and an affidavit attesting to its adherence to 807 KAR 5:056. Licking Valley 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”), Licking Valley’s power supplier. On April 17, 2009, Licking Valley filed its revised tariffs reflecting the

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

rate increase authorized by the Commission's March 31, 2009 Order in Case No. 2008-00419.² Licking Valley 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.

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

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

2. East Kentucky, the wholesale supplier of Licking Valley, has been authorized to transfer (roll-in) a 10.15 mills per kWh increase in the base fuel cost to its base rates.³

3. Licking Valley should be authorized to transfer (roll-in) a 10.91 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.

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.

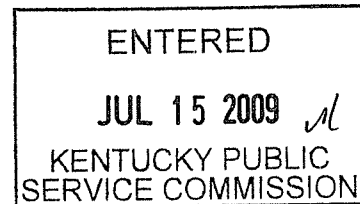
² Case No. 2008-00419, Application of Licking Valley Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2) (Ky. PSC Mar. 31, 2009).

³ Case No. 2008-00519, 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).

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Licking Valley through the FAC for the period from November 1, 2006 to October 31, 2008 are approved.
2. Licking Valley 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 Licking Valley 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, Licking Valley shall file with the Commission revised tariff sheets setting out the rates approved herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00532 DATED JUL 15 2009

The following rates and charges are prescribed for the customers in the area served by Licking Valley 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, FARM, SMALL COMMUNITY HALL AND CHURCH SERVICE

Energy Charge per kWh	\$.089185
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SCHEDULE B COMMERCIAL AND SMALL POWER

Energy Charge per kWh	\$.089114
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SCHEDULE LP LARGE POWER SERVICE

Energy Charge per kWh	\$.073137
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SCHEDULE LPR LARGE POWER RATE

Energy Charge per kWh	\$.064979
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SCHEDULE SL SECURITY LIGHTS AND RURAL LIGHTING

Monthly Rate:

100 Watt Metal Halide	\$ 8.38
250 Watt Metal Halide	\$ 13.12
400 Watt Metal Halide	\$ 18.22

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