

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. 2008-00538 |
| 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 Taylor County Rural Electric Cooperative Corporation ("Taylor County") for the two-year period ended October 31, 2008.

As part of this review, the Commission ordered Taylor County to submit certain information and an affidavit attesting to its adherence to 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 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"), Taylor County's power supplier. On April 16, 2009, Taylor County 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. 2008-00425.² Taylor County 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. Taylor County has complied in all material respects with the provisions of 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Taylor County, 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. Taylor County should be authorized to transfer (roll-in) a 10.85 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.

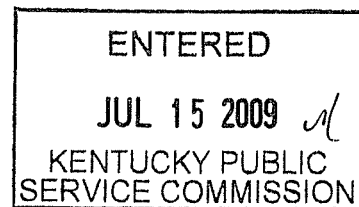
² Case No. 2008-00425, Application of Taylor County Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2) (Ky. PSC Mar. 31, 2009).

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 Taylor County through the FAC for the period from November 1, 2006 to October 31, 2008 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 current base rates.
3. The rates in the Appendix to this Order are approved for service rendered by Taylor County 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, Taylor County 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. 2008-00538 DATED JUL 15 2009

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 \$.08543

SCHEDULE R-1
RESIDENTIAL MARKETING RATE

All kWh per kWh \$.05125

SCHEDULE GP1
SMALL COMMERCIAL

All kWh per kWh \$.08558

SCHEDULE GP2
LARGE POWER

All kWh per kWh \$.06593

SCHEDULE B1
LARGE INDUSTRIAL RATE

All kWh per kWh \$.05747

SCHEDULE B2
LARGE INDUSTRIAL RATE

All kWh per kWh \$.05197

SCHEDULE B3
LARGE INDUSTRIAL RATE

All kWh per kWh \$.05088

SCHEDULE C1
LARGE INDUSTRIAL RATE

All kWh per kWh \$.05747

SCHEDULE C2
LARGE INDUSTRIAL RATE

All kWh per kWh \$.05197

SCHEDULE C3
LARGE INDUSTRIAL RATE

All kWh per kWh \$.05088

Barry L Myers
Manager
Taylor County R.E.C.C.
100 West Main Street
P. O. Box 100
Campbellsville, KY 42719