



EAST KENTUCKY POWER COOPERATIVE

July 24, 2009

Mr. Mark Stallons  
President/CEO  
Owen Electric Cooperative  
P.O. Box 400  
Owenton, Kentucky 40359-0400

Re: Case No. 2008-00519

Dear Mr. Stallons:

On January 23, 2009, the Kentucky Public Service Commission ("Commission") established the above referenced case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of East Kentucky Power Cooperative, Inc. ("EKPC") for the two-year period ended October 31, 2008, and to determine the amount of fuel cost that should be rolled-in to its base rates. EKPC proposed that August 2008 be used by the Commission as the base period for the purpose of arriving at the base fuel cost and the kWh sales components of its FAC. EKPC further proposed that its base fuel cost be changed to 36.53 mills per kWh. EKPC responded to certain information requests in this proceeding, and a public hearing was held on March 17, 2009.

On July 15, 2009, the Commission issued its Order in Case No. 2008-00519 which found that EKPC has complied with the FAC regulation and the test month of August 2008 should be used as EKPC's base period for this review. Establishing a base fuel cost of 36.53 mills per kWh requires a roll-in of 10.15 mills per kWh from the FAC rate to EKPC's current base rates. These rates are effective for service rendered on and after August 1, 2009.

The impact on the energy charges contained in the contract among EKPC, Owen Electric Cooperative, and Gallatin Steel is reflected below. Please note that demand charges are unchanged.

Energy Charge:

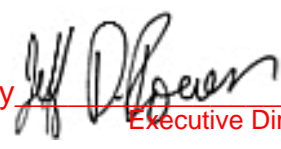
On-Peak  
Off-Peak


\$0.047128 per kWh  
\$0.043844 per kWh

4775 Lexington Road 40391  
P.O. Box 707, Winchester,  
Kentucky 40392-0707

Tel. (859) 744-4812  
Fax: (859) 744-6008  
<http://www.ekpc.coop>

**PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE  
8/1/2009  
PURSUANT TO 807 KAR 5:011  
SECTION 9 (1)**

By   
**Executive Director**

energy Cooperative 

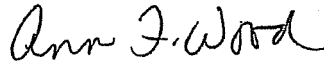
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All other provisions of Gallatin Steel's contract, not specifically mentioned herein, remain the same as those in effect prior to the date of the Commission's Order of July 15, 2009, and all other Tariffs and Riders applicable to this contract will continue to apply.

Sincerely,




Ann F. Wood  
Manager, Regulatory Services

c: Kentucky Public Service Commission



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OF KENTUCKY  
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Executive Director

