

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MEADE COUNTY)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR PASS-THROUGH) CASE NO. 2011-00038
OF BIG RIVERS ELECTRIC)
CORPORATION WHOLESALE RATE)
ADJUSTMENT)

O R D E R

On March 7, 2011, Meade County Rural Electric Cooperative Corporation (“Meade County”) submitted an application to pass through any wholesale rate adjustment granted to Big Rivers Electric Corporation (“Big Rivers”) in Case No. 2011-00036.¹ Meade County submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Sections 1(3) and 2(2). Meade County proposed that its rates become effective on March 1, 2011.

On March 24, 2011, the Commission suspended the operation of the proposed rates up to and including August 31, 2011 and established a procedural schedule for this proceeding. Commission Staff issued information requests to Meade County on April 7, 2011 and on May 4, 2011. By Order of June 24, 2011, the Commission directed Meade County to file certain additional information. Meade County responded to those requests and the Commission Order.

¹ Case No. 2011-00036, Application of Big Rivers Electric Corporation for a General Adjustment in Rates (Ky. PSC Nov. 17, 2011).

On September 1, 2011, Meade County notified the Commission of its intent to place the proposed rates into effect for service rendered on and after that date. In response, we directed Meade County to maintain appropriate records of its billing to permit any necessary refunds. The matter now stands submitted for a decision based on the evidentiary record.

In its application, Meade County described how its proposed pass-through rates were developed:

Meade County RECC hereby states that the effects of the increase in rates from its wholesale supplier, Big Rivers, are being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.

KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that will result in no change in the rate design currently in effect. Further, 807 KAR 5:007, Section 1(5), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not alter the rate design currently in effect and that the revenue change has been allocated to each class and within each tariff on a proportional basis.

The Commission has reviewed the approach proposed by Meade County to pass through the increase in the wholesale rates of Big Rivers and to allocate such increase to its retail rates. Based upon this review, the Commission finds that Meade County's approach complies with the provisions of KRS 278.455(2) and 807 KAR 5:007, Section 1(5), and, therefore, should be accepted.

In addition, Meade is requesting approval of a new tariff to implement a Non-Fuel Adjustment Clause Purchase Power Adjustment (“Non-FAC PPA”) proposed by Big Rivers in Case No. 2011-00036.²

The Commission issued an Order today in Case No. 2011-00036 authorizing a \$26,744,776 million annualized increase in Big Rivers’ wholesale rates effective for service rendered on and after September 1, 2011. Using the test-year information contained in its application, Meade County will receive an increase in its wholesale power cost of \$1,612,033 annually.

Tariff Issues

In its Order, the Commission also approved Big Rivers’ Non-FAC PPA tariff. As a result, the Commission finds that Meade County’s proposed Non-FAC PPA tariff should be approved, but with one modification. Meade County’s Non-FAC PPA tariff defines P(m) as “the kWh purchased in the second month preceding the month in which F is applied.” [Emphasis Added]. The Commission finds that P(m) should be defined as “the kWh purchased in the second month preceding the month in which the PPA is applied.”

Big Rivers requested and received a change to its Cogeneration/Small Power Production Sales – Over 100 kW tariff. Meade County’s Schedule 8, Small Power Production and Cogeneration 100 kW or Less, and Schedule 10, Small Power and Cogeneration Over 100 kW, are currently based on rates included in Big Rivers’ tariff. However, Meade County did not request a change to its Schedule 8 and Schedule 10

² Meade County filed the proposed tariff in response to Item 6.c.(2) of Commission Staff’s Initial Information Request and revised the tariff in response to Item 3.a. of Commission Staff’s Second Information Request.

tariffs in this case. The Commission finds that as a result of the changes made to Big Rivers' Cogeneration/Small Power Production Sales tariff, it is appropriate to make changes to Meade County's Schedule 8 and Schedule 10 tariffs. Those changes are reflected in the appendix to this Order.

IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Meade County's application are rejected.

2. The approach proposed by Meade County to allocate its portion of the increase in wholesale rates authorized in Case No. 2011-00036 is accepted.

3. The rates set forth in the tariff sheets in the Appendix hereto are approved for service rendered on and after September 1, 2011.

4. Meade County's revised proposed Non-FAC PPA tariff, modified as set out in this Order, is approved.

5. Within 20 days of the date of this Order, Meade County shall file its revised tariffs with this Commission setting out the rates approved herein and stating that they were approved pursuant to this Order.

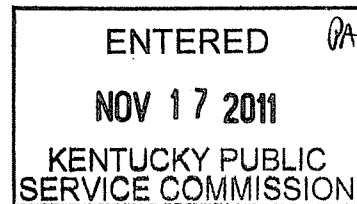
6. Within 60 days of the date of this Order, Meade County shall refund to its customers with interest all amounts collected for service rendered from September 1, 2011 through the date of this Order that are in excess of the rates set forth in the Appendix to this Order.

7. Meade County shall pay interest on the refunded amounts at the average of the Three-Month Commercial Paper Rate as reported in the Federal Reserve Bulletin

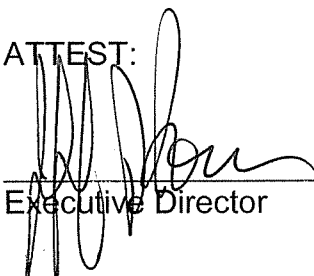
and the Federal Reserve Statistical Release on the date of this Order. Refunds shall be based on each customer's usage while the proposed rates were in effect and shall be made as a one-time credit to the bills of current customers and by check to customers who have discontinued service since September 1, 2011.

8. Within 75 days of the date of this Order, Meade County shall submit a written report to the Commission in which it describes its efforts to refund all monies collected in excess of the rates that are set forth in the Appendix to this Order.

By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2011-00038 DATED **NOV 17 2011**

The following rates and charges are prescribed for the customers in the area served by Meade 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 1 RESIDENTIAL, FARM, NON-FARM, SCHOOLS AND CHURCHES

Customer Charge per Month	\$ 11.71
Customer Charge per Day	\$.38
Energy Charge per kWh	\$.075095

SCHEDULE 2 COMMERCIAL RATE

Customer Charge per Month	\$ 17.43
Customer Charge per Day	\$.57
Energy Charge per kWh	\$.08010

SCHEDULE 3 THREE PHASE POWER SERVICE, 0 KVA AND GREATER

Customer Charge per Month, 0 - 100 KVA	\$ 41.66
Customer Charge per Day, 0 - 100 KVA	\$ 1.37
Customer Charge per Month, 101 -1,000 KVA	\$ 72.90
Customer Charge per Day, 101 - 1,000 KVA	\$ 2.40
Customer Charge per Month, Over 1,000 KVA	\$ 104.15
Customer Charge per Day, Over 1,000 KVA	\$ 3.42
Energy Charge per kWh	\$.05059
Demand Charge per kW	\$ 8.46

SCHEDULE 3A
THREE PHASE POWER SERVICE, 0 KVA - 999 KVA
OPTIONAL TIME-OF-DAY RATE

Customer Charge per Month	\$ 60.09
Customer Charge per Day	\$ 1.98
Energy Charge per kWh	\$.05059
Demand Charge per kW	\$ 8.46

SCHEDULE 4
LARGE POWER SERVICE, 1,000 KVA AND LARGER (TOD)

Customer Charge per Month (If Equipment Provided by Meade)	\$ 619.68
Customer Charge per Month (If Equipment Provided by Customer)	\$ 109.35
Energy Charge per kWh:	
First 300 kWh per kW	\$.04656
All Remaining kWh	\$.04008
Demand Charge per kW	\$ 8.08

SCHEDULE 5
OUTDOOR LIGHTING SERVICE

Monthly Rates:	
175 Watt Unmetered	\$ 8.01
175 Watt Metered	\$ 3.49
400 Watt Unmetered	\$ 12.02
400 Watt Metered	\$ 3.49
Pole Rental	\$.42

SCHEDULE 6
STREET LIGHTING SERVICE -- COMMUNITY, MUNICIPALITIES, TOWNS

Monthly Rates:	
175 Watt	\$ 7.13
400 Watt	\$ 11.23

SCHEDULE 8
SMALL POWER PRODUCTION OR COGENERATION (100 kW OR LESS)

Base payment per kWh	\$.029736
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SCHEDULE 10
SMALL POWER PRODUCTION OR COGENERATION (OVER 100 kW)
CUSTOMER BUYS POWER FROM MEADE COUNTY

The Charges for On-peak Maintenance Service shall be the greater of:

(1) Per kW of Scheduled Maintenance Demand per Week	\$	2.192
Plus per kWh of Maintenance Energy	\$.029736

OR

(2) Percent of Market Price	110%
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The Charges for Off-peak Maintenance Service shall be:

Per kW of Scheduled Maintenance Demand per Week	\$	2.192
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Excess Demand:

To Import from a Third Party: Percent of Actual Cost	110%
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Not Imported, the greater of:

(1) Charge per kW times the highest Excess Demand	\$	9.50
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OR

(2) Percent of Highest Price received during an Off-System Sales Transaction times the sum of Excess Demands	110%
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SCHEDULE 24
RENEWABLE RESOURCE ENERGY SERVICE TARIFF RIDER

Non-Direct Served Customers: Premium per kWh	\$.02688
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