

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JACKSON)
PURCHASE ENERGY CORPORATON)
FOR APPROVAL OF FLOW THROUGH) CASE NO. 2011-00057
RATES PURSUANT TO KRS 278.455)

O R D E R

On June 8, 2011, Jackson Purchase Energy Corporation (“Jackson Purchase”) submitted an application to pass through any wholesale rate adjustment granted to Big Rivers Electric Corporation (“Big Rivers”) in Case No. 2011-00036.¹ Jackson Purchase submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Sections 1(3) and 2(2). Jackson Purchase proposed that its rates become effective on September 1, 2011, the end-of-suspension date established for Big Rivers.

On June 13, 2011, the Commission ordered that Jackson Purchase’s rates would be effective the same date as Big Rivers’ rates in Case No. 2011-00036 and established a procedural schedule for this proceeding. Commission Staff issued information requests to Jackson Purchase on June 20, 2011 and on July 14, 2011. Jackson Purchase responded to those requests.

On September 2, 2011, Jackson Purchase 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 Jackson Purchase to maintain appropriate records of its billing to

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

permit any necessary refunds. The matter now stands submitted for a decision based on the evidentiary record.

In its application, Jackson Purchase described how its proposed pass-through rates were developed:

The rate change does not change the rate design currently in effect and has been allocated to each class and within each tariff on a proportional basis as required by 807 KAR 5:007, Section 1(5)(a) and (b).

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 Jackson Purchase 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 Jackson Purchase'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, Jackson Purchase 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 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, Jackson Purchase will receive an increase in its wholesale power cost of \$2,451,663 annually. In its Order, the Commission also approved Big Rivers’ Non-FAC PPA tariff. As a result, the Commission finds that Jackson Purchase’s proposed Non-FAC PPA tariff, as revised, should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Jackson Purchase’s application are rejected.
2. The approach proposed by Jackson Purchase 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. Jackson Purchase’s revised proposed Non-FAC PPA tariff is approved.
5. Within 20 days of the date of this Order, Jackson Purchase shall file its revised tariffs with this Commission setting out the rates approved herein and stating that they were approved pursuant to this Order.

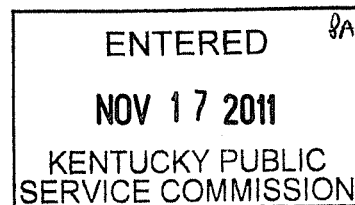
² Jackson Purchase revised its proposed Non-FAC PPA tariff in response to Item 2.a. of Commission Staff’s First Information Request.

6. Within 60 days of the date of this Order, Jackson Purchase 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. Jackson Purchase 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, Jackson Purchase 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. 2011-00057 DATED **NOV 17 2011**

The following rates and charges are prescribed for the customers in the area served by Jackson Purchase Energy 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 R
RESIDENTIAL

Facilities Charge per Month	\$ 9.43
Energy Charge per kWh	\$.076317

SCHEDULE C-1
SMALL COMMERCIAL - SINGLE PHASE

Facilities Charge per Month	\$ 10.47
Energy Charge per kWh	\$.077375

SCHEDULE C-3
SMALL COMMERCIAL - THREE PHASE

Facilities Charge per Month	\$ 18.85
Energy Charge per kWh	\$.073468

SCHEDULE D
COMMERCIAL AND INDUSTRIAL - DEMAND LESS THAN 3,000 KW

Facilities Charge per Month	\$ 36.66
Demand Charge per kW	\$ 6.81
Energy Charge per kWh:	
First 200 kWh per kW	\$.047103
Next 200 kWh per kW	\$.039457
Next 200 kWh per kW	\$.035571
Over 600 kWh per kW	\$.031800

SCHEDULE I-E
LARGE COMMERCIAL AND INDUSTRIAL - EXISTING

Facilities Charge per Month	\$ 314.24
Demand Charge:	
First 3,000 kW	\$ 36,137.45
All Additional kW per kW	\$ 12.05
Energy Charge per kWh	\$.028870

SCHEDULE L
LARGE COMMERCIAL AND INDUSTRIAL - 3,000-5,000 kW

Facilities Charge per Month	\$ 314.24
Demand Charge per kW	\$ 11.84
Energy Charge per kWh	\$.028870

SCHEDULE OL
OUTDOOR LIGHTING

Flat rate per light per month as follows:	
175 Watt M.V.	\$ 8.65
400 Watt M.V.	\$ 13.39
100 Watt H.P.S.	\$ 8.32
250 Watt H.P.S.	\$ 11.54
250 Watt H.P.S. - Flood	\$ 12.13
175 Watt Metal	\$ 14.08
150 Watt Metal	\$ 13.64
400 Watt Metal	\$ 20.50
1,000 Watt Metal - Flood	\$ 30.37

SCHEDULE G-1
RENEWABLE RESOURCE ENERGY SERVICE

Non-Direct Served Customers:	
Premium per kWh	\$.026491
Direct Served Customers:	
Premium per kWh	\$.030495

G. Kelly Nuckols
President & Ceo
Jackson Purchase Energy Corporation
2900 Irvin Cobb Drive
P. O. Box 4030
Paducah, KY 42002-4030

Melissa D Yates
Attorney
Denton & Keuler, LLP
555 Jefferson Street
P. O. Box 929
Paducah, KENTUCKY 42002-0929