

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JACKSON PURCHASE ENERGY)	
CORPORATION FOR APPROVAL OF FLOW)	CASE NO.
THROUGH RATES PURSUANT TO KRS 278.455)	2013-00384

ORDER

On January 13, 2014, Jackson Purchase Energy Corporation (“Jackson Purchase”) tendered for filing an application to pass through the effects of any wholesale rate adjustment granted to its wholesale power supplier, Big Rivers Electric Corporation (“Big Rivers”), in Case No. 2013-00199.¹ Jackson Purchase submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007. Jackson Purchase proposed that its new rates become effective no sooner than the effective date of Big Rivers’ rates in Case No. 2013-00199.

On January 17, 2014, the Commission issued an Order which established a procedural schedule for this proceeding and suspended the operation of the proposed rates up to and including April 27, 2014. The January 17, 2014 Order also provided that if Big Rivers lawfully placed its proposed rates into effect subject to refund after the end of its suspension period established in Case No. 2013-00199, Jackson Purchase could simultaneously put its proposed rates into effect subject to refund. In Case No. 2013-00199, Big Rivers’ proposed rates were suspended up to and including January 27, 2014.

¹ Case No. 2013-00199, Application of Big Rivers Electric Corporation for a General Adjustment in Rates Supported by Fully Forecasted Test Year (Ky. PSC Apr. 25, 2014).

On January 31, 2014, Jackson Purchase notified the Commission of its intent to place the proposed rates into effect for service rendered on and after February 1, 2014. By Order issued February 4, 2014, we approved Jackson Purchase's rates to be effective, subject to refund, for service rendered on and after February 1, 2014. We further directed Jackson Purchase to maintain its records in such a manner as will allow it, the Commission, or any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of this matter.

Commission Staff issued, and Jackson Purchase responded to, one information request. There are no intervenors in this case. 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.

. . . [T]he 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).²

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.

² Application, p. 2, paragraph (e).

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.

The Commission issued an Order today in Case No. 2013-00199 authorizing a \$36,159,928 million annualized increase in Big Rivers' wholesale rates effective for service rendered on and after February 1, 2014. Using the test year information contained in its application, Jackson Purchase will pass through an increase in its wholesale power cost of \$7,890,149 annually.

As previously stated, Jackson Purchase placed its proposed rates into effect on February 1, 2014, subject to refund. However, because the wholesale increase put into effect by Big Rivers on February 1, 2014, was fully mitigated by the use of Big Rivers' Economic Reserve fund, the Commission finds that refunds by Jackson Purchase are not required.

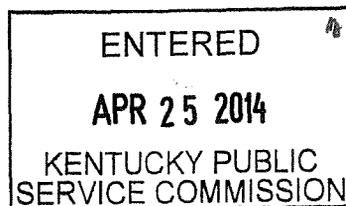
As part of its application, Jackson Purchase proposed to make changes to its tariff based on Big Rivers' proposals to discontinue its Large Industrial Customer Expansion tariff and to accelerate the use of the Economic Reserve fund and Rural Economic Reserve funds to mitigate 100 percent of the wholesale increase. The Commission finds that the proposed tariff changes should be approved with the exception that the "MRSM/RER percentage" provided in Jackson Purchase's proposed Schedule MRSM, Member Rate Stability Mechanism, should be recalculated to provide

for the mitigation of the amount of the wholesale increase granted to Big Rivers in Case No. 2013-00199. In addition, the Commission finds that Jackson Purchase should make any additional tariff changes that may be necessary as a result of the Commission's decisions in Case No. 2013-00199 that relate to the use of the Economic Reserve and Rural Economic Reserve funds.

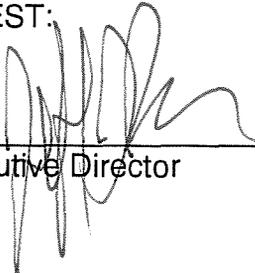
IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Jackson Purchase's application are denied.
2. The approach proposed by Jackson Purchase to allocate its portion of the increase in wholesale rates authorized in Case No. 2013-00199 is accepted.
3. The rates set forth in the appendix hereto are approved for service rendered on and after February 1, 2014.
4. Within 20 days of the date of this Order, Jackson Purchase shall file with this Commission, using the Commission's electronic Tariff Filing System, its revised tariffs setting out the rates and tariff modifications approved or as required herein and stating that they were approved pursuant to this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00384 DATED **APR 25 2014**

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	\$ 12.45
Energy Charge per kWh	\$.100780

SCHEDULE C-1
SMALL COMMERCIAL - SINGLE PHASE

Facilities Charge per Month	\$ 13.86
Energy Charge per kWh	\$.102176

SCHEDULE C-3
SMALL COMMERCIAL - THREE PHASE

Facilities Charge per Month	\$ 24.90
Energy Charge per kWh	\$.097017

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

Facilities Charge per Month	\$ 48.42
Demand Charge per kW	\$ 9.00
Energy Charge per kWh:	
First 200 kWh per kW	\$.062202
Next 200 kWh per kW	\$.052104
Next 200 kWh per kW	\$.046973
Over 600 kWh per kW	\$.041993

SCHEDULE I-E
LARGE COMMERCIAL AND INDUSTRIAL - EXISTING

Facilities Charge per Month	\$ 414.97
Demand Charge:	
First 3,000 kW	\$ 47,721.03
All Additional kW per kW	\$ 15.91
Energy Charge per kWh	\$.038125

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

Facilities Charge per Month	\$ 414.97
Demand Charge per kW	\$ 15.62
Energy Charge per kWh	\$.038125

SCHEDULE OL
OUTDOOR LIGHTING

Flat rate per light per month as follows:

175 Watt M.V.	\$ 11.43
400 Watt M.V.	\$ 17.68
100 Watt H.P.S.	\$ 10.98
250 Watt H.P.S.	\$ 15.25
250 Watt H.P.S. - Flood	\$ 16.01
175 Watt Metal	\$ 18.58
150 Watt Metal	\$ 18.00
400 Watt Metal	\$ 27.07
1,000 Watt Metal - Flood	\$ 40.10

SCHEDULE G-1
RENEWABLE RESOURCE ENERGY SERVICE

Non-Direct Served Customers:	
Premium per kWh	\$.01050
Direct Served Customers:	
Premium per kWh	\$.01695

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