

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

GENERAL ADJUSTMENTS IN )  
ELECTRIC RATES OF ) CASE NO. 7489  
KENTUCKY POWER COMPANY )

O R D E R

Procedural Background

On June 11, 1979, Kentucky Power Company (hereinafter referred to as the "Applicant") filed its Notice with this Commission wherein it sought authority to adjust its basic rates and charges to increase annual revenues by \$13,265,648, or approximately 11.85% beginning on and after July 1, 1979. In addition, the Company proposed that it be permitted to apply an appropriate surcharge rate to its billings to customers over a period of one year following the effective date of its new rate schedules to recover fuel expenses which it alleges are not recoverable through the normal operation of the fuel adjustment clause; such surcharge to be in addition to the normal fuel clause adjustment permitted in billing under the new rate schedules.

On June 12, 1979, the Commission ordered the proposed rate increase suspended for a five-month period, or until December 1, 1979, in order to conduct public hearings and investigations on the reasonableness of the proposed rate increase. In addition, the Commission set the first hearing for July 17, 1979, and directed the Applicant to notify its customers of said hearing. This hearing and subsequent ones were held in the Commission's offices in Frankfort, Kentucky.

The following parties of interest were granted leave to intervene: the Attorney General's Division of Consumer Protection, Armco, Inc., Air Products and Chemicals, Inc., and Ashland Petroleum Company. These intervenors participated fully in the additional hearings conducted by the Commission on July 17, August 22 and 23, and October 10, 1979.

On November 5, 1979, all briefs were filed with the Commission. Thereafter, the Applicant and Armco, Inc., on November 12 and November 13, respectively, filed reply briefs. The matter was then submitted to the Commission for final determination.

Pursuant to KRS 278.190(2), on November 30, 1979, the Applicant notified the Commission that their proposed rates and charges would be placed into effect on December 1, 1979, at the end of its statutory five (5) months suspension period. The Commission then issued its Order dated December 3, 1979, directing the Applicant to maintain its records in such a manner as would enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered.

At the hearing on August 22, 1979, two of the intervenors, Armco, Inc., and Air Products and Chemicals, Inc., through their attorney filed a Motion to Dismiss on the grounds that a number of the issues raised in this case have previously been decided in the Commission's Order in Case No. 7164 and that this present case, Case No. 7489, constitutes an attempt by the Applicant to ensure the recovery of the alleged undercollection of \$4 million still being litigated in Case No. 7164. The Attorney General's Division of Consumer Protection joined in this Motion. Neither the decisions of the Commission relating to like issues in Case No. 7164, nor the fact that Case No. 7164 is still under litigation, prevents the Applicant from filing additional cases or from raising the same issues in subsequent cases. Accordingly, the Motion to Dismiss is hereby overruled. Case No. 7164 is currently before the Court of Appeals of Kentucky, and this Commission will take appropriate action to adjust the rates in light of any direction from the Court in that case.

### TEST PERIOD

The Commission, for the purpose of testing the reasonableness of the proposed rates, has utilized the twelve month period ending March 31, 1979. Adjustments when found significant, known, proper and reasonable have been included to reflect more current operating conditions.

### VALUATION METHODS

#### Net Investment

Kentucky Power Company proposed a Kentucky jurisdictional rate base of \$326,258,763 as shown in the Applicant's General, Financial, Statistical Volume, Section V, Schedule 2. With two exceptions, the Commission has accepted this valuation for rate-making purposes. In accordance with past policy, in calculating the Cash Working Capital Allowance, the Commission has taken into consideration the fact that Kentucky Power Company is a net seller rather than a net purchaser of power. It has also recognized only the accepted adjustments to operation and maintenance expenses. As a result, we have reduced the Company's proposed Cash Working Capital by \$610,685 to \$11,308,825. The Accumulated Depreciation proposed by the Company has also been reduced by \$132,037 to reflect only those depreciation adjustments accepted by the Commission. These adjustments serve to reduce Applicant's rate base by \$478,648.

The Commission finds Kentucky Power Company's Kentucky Jurisdictional Net Investment at the end of the test period to be:

ADD

Utility Plant in Service	\$ 354,824,667
Plant Held for Future Use	93,355
Construction Work in Progress	47,910,357
Prepayments	180,825
Materials and Supplies	29,238,477
Cash Working Capital <sup>1</sup>	<u>11,308,825</u>
Subtotal	\$ 443,556,506

LESS

Accumulated Depreciation	\$ 91,838,957
Customer Advances	1,417,683
Restricted Retained Earnings <sup>2</sup>	24,387,348
Merchandise	<u>132,403</u>
Subtotal	\$ 117,776,391

Net Investment \$ 325,780,115

Capital Structure

The Commission has determined from the record that the Applicant's total capitalization at the end of the test period is:

Long-Term Debt	\$ 165,980,000
Short-Term Debt	12,000,000
Common Equity	127,266,000
Job Development Investment Credit (JDIC)	<u>10,796,000</u>
Total Capitalization	\$ 316,042,000 <sup>3</sup>

<sup>1</sup> One-eighth (1/8) of total operation and maintenance expenses from the Company's General, Financial, Statistical Volume, Section IV, page 13 of 21 times 99.1706% (jurisdictional allocation factor) plus one-eighth (1/8) of accepted jurisdictional operation and maintenance expense adjustments of \$4,379,105.

<sup>2</sup> Proper account classification per Uniform System of Accounts prescribed by this Commission is Accumulated Deferred Income Taxes, Accounts No. 281, 282 and 283.

<sup>3</sup> Hanley Exhibit, Schedule 1, Page 2 of 2

The Commission finds that adjustments in the above figures are necessary before the amounts applicable to the Kentucky Commission's jurisdiction can be determined. Long-Term Debt should be decreased to \$165,943,244, Short-Term Debt should be decreased to \$11,997,341, Common Equity should be decreased to \$127,237,817, and Job Development Investment Credit (JDIC) should be decreased to \$10,793,614 to reflect non-utility property of \$69,984. This results in total adjusted capital, before allocation of \$315,972,016 and when allocated produces capital subject to Kentucky Commission jurisdiction of \$313,921,673.<sup>4</sup>

The Kentucky Jurisdictional Capital Structure is then as follows:

	<u>Amount</u>	<u>%</u>
Long-Term Debt	\$ 170,710,606	54.38
Short-Term Debt	12,337,122	3.93
Common Equity	<u>130,873,945</u>	<u>41.69</u>
	\$ 313,921,673	100.00

Total Job Development Investment Credit (JDIC) of \$10,723,574 has been allocated to each capital component on the basis of the ratio of each component to total capital excluding JDIC. When determining the required net operating income necessary for the Company to earn its overall cost of capital, this will result in applying the overall cost of capital to the Company's Job Development Investment Credit as required by Section 46 (f) of the Internal Revenue Code.

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<sup>4</sup>99.3511%(Kentucky Jurisdictional Net Plant ÷ Electric Utility Net Plant) of \$315,972,016

### Reproduction Cost and Replacement Cost

The Applicant did not perform a reproduction cost study of its property as of March 31, 1979, nor did it present a replacement cost as of that date. It did, however, include in its filing a statement of the estimated replacement cost less depreciation as of December 31, 1978. The Commission takes notice of these methods of property valuation as well as other available methods which may differ from the ones used herein. Due consideration has been given to these as well as other elements of value as required by KRS 278.290 in determining the reasonable rates of return for this utility.

### REVENUES AND EXPENSES

Through Mr. Via's testimony and Applicant's General, Financial, Statistical Volume, Section V, the Applicant presented twenty pro forma adjustments to more properly reflect current operating conditions. The Commission will accept in full for rate-making purposes eleven of these proposed adjustments. Those rejected or modified are more fully discussed below:

- (1) The adjustment to remove the sales tax collection fee allowed by taxing authorities as remuneration for collection of sales tax on residential electric bills has been deleted as the costs associated with the collection of this sales tax are included in operating expenses; and according to the Company, cannot be separated in order to make a corresponding adjustment to remove them from expenses.
- (2) In conformity with past policy, the Commission has also rejected the Applicant's proposal concerning Allowance for Funds Used During Construction (AFUDC) and has included AFUDC in operating revenues.

- (3) Pensions and insurance expense has been adjusted by \$65,301 rather than \$38,206 to more accurately reflect the actual increased cost to the Company.<sup>5</sup>
- (4) The proposed wage and salary adjustment has been decreased by \$2,207 to reflect the additional information furnished by the Applicant in answer to Question 14, Requests for Additional Information at Hearing of August 22, 1979.
- (5) The information furnished by the Applicant in response to Questions 8 and 9, Requests for Additional Information at Hearing of August 22, 1979, reveal that the Applicant's building service costs on the new Ashland general office building have declined significantly since the end of the period. The basic rates should recognize this decline. Therefore, the Commission has used an average of the nine months of actual experience rather than five months as proposed by the Applicant. This results in a reduction of \$6,758 in Applicant's proposed adjustment for general office building maintenance.
- (6) The Applicant's proposed adjustment to move charitable contributions from below the line to above the line for rate-making purposes has been rejected as there is no evidence of any tangible benefit to the ratepayers. They should therefore be borne by the stockholder, not the ratepayer.

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<sup>5</sup>

Reply to Question 10, Requests for Additional Information  
at Hearing of August 22, 1979

- (7) The Energy Regulatory Commission assessment has been calculated using the most recent rate of 1.21 mills. This results in a decrease of \$4,938 in the Applicant's proposed adjustment.
- (8) Applicant's upward adjustment to expenses for amortization of transmission and distribution right-of-way in the amount of \$179,106 has been disallowed as the Uniform System of Accounts prescribed by this Commission does not permit the item to be treated in this manner.
- (9) Depreciation expense has been increased by \$566,393 to reflect Applicant's Plant in Service at the end of the test year, March 31, 1979.

In addition, the Commission has made an interest adjustment of \$4,135,118 based on the cost of debt outstanding at December 31, 1979. <sup>6</sup>

After applying the combined State and Federal Income Tax Rate of 49.132% to the accepted pro forma adjustments, we find the net operating income should be increased by \$3,464,120 to \$32,471,548.

The adjusted net operating income subject to Kentucky jurisdiction is as follows:

	<u>Actual</u>	<u>Pro forma Adjustments</u>	<u>Adjusted</u>
Operating Revenues	\$114,201,246	\$7,951,406	\$122,152,652
Operating Expenses	<u>85,193,818</u>	<u>4,487,286</u>	<u>89,681,104</u>
Net Operating Income	\$ 29,007,428	\$3,464,120	\$ 32,471,548

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<sup>6</sup> Embedded interest cost of 8.88% times Long-Term Debt of \$170,710,606 plus embedded interest cost of 11.14% times Short-Term Debt of \$12,337,122 minus interest during test year of \$12,398,339 (\$12,479,317 X 99.3511%)



RATES OF RETURN

The Commission finds that a Net Operating Income of \$32,471,548 is inadequate in that the Applicant will not be able to service its debt and have a reasonable amount remaining for dividends and surplus. The adjusted net income produces a rate of return on equity of only 12.18% for the test year. The Commission considers this to be insufficient based on test year conditions. The Commission is of the opinion that a reasonable rate of return on equity in this case is 12.75%. This rate of return will produce a net operating income of \$33,219,885, which will permit the Applicant to pay its interest on its debt and have the sum of \$16,686,428 available for Common Equity.

Net Operating Income Found Reasonable Herein	\$33,219,885
Adjusted Net Operating Income	<u>32,471,548</u>
Net Additional Revenue Required	\$ 748,337 <sup>7</sup>
Additional Revenue Required	\$ 1,471,135

The returns resulting from this revenue increase of \$1,471,135 are as follows:

	<u>Amount</u>	<u>Return %</u>
Net Investment	325,780,115	10.20
Capital Structure	313,921,673	10.58
Common Stock Equity	130,873,945	12.75

The rates currently being charged by Kentucky Power were ordered placed into effect by the Franklin Circuit Court on December 3, 1979, in Civil Action No. 79-61-0323. These rates produce \$4,411,773 more in revenue, based on the test year ended March 31, 1979, than the rates approved by the Commission in Case No. 7164. The Commission has appealed the Circuit Court's decision to the Court of Appeals of Kentucky. Pending the Court of Appeals' decision, we have excluded from operating revenues this \$4,411,773 in fixing rates in this case. We note that if we had considered these revenues in this case, the Company's return on equity, after considering pro forma adjustments and the increase granted herein, would be 14.46%. In order not to

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<sup>7</sup>Deficiency of \$748,337 divided by (1-.49132) to adjust for taxes

jeopardize our position on appeal in ERC Case No. 7164 we have not considered these revenues. However, it is obvious to us that depending on the Court's decision in ERC Case No. 7164, further action may be required with respect to the rates herein approved. Based on our conclusion that a fair return on common equity is 12.75%, if the rates placed into effect by the Circuit Court are sustained on appeal, a reduction in rates would be required in the instant case.

#### FUEL EXPENSE SURCHARGE

Kentucky Power Company proposed to increase the amount of fuel costs in its base rates by .072¢ per KWH. The Company alleges that "folding-in" this additional fuel cost gives rise to a loss in fuel cost recovery. Accordingly, to avoid this alleged loss, the Company proposed that it be permitted to apply a surcharge rate to its billings over a period of one year following the effective date of the rates approved herein. The Commission is of the opinion and finds that this is a request for a deviation from the Commission's standardized fuel adjustment clause procedures and will therefore require a separate filing to this Commission for review and approval.

#### SUMMARY

Having considered the evidence of record and elements of value recognized by the law of the land for rate-making purposes, the Commission is of the opinion and so FINDS that:

- (1) The schedule of rates and charges set out in Appendix "A" are the fair, just and reasonable rates to charge for electric service rendered by Kentucky Power Company in that, based on test year conditions, they will produce gross annual revenues of approximately \$123,623,787.
- (2) The allowed rates of return on Net Investment rate base of 10.20% and on capital structure of 10.58% are fair, just and reasonable in that they should permit the Applicant to provide for its necessary operating expenses and fixed charges and accumulate a reasonable amount of surplus for equity growth.

(3) That the rates proposed by Kentucky Power Company and now being charged would produce an excessive return and should be denied.

(4) That the rates and charges set out in Appendix "A" result in a decrease to the residential consumer as compared to the rates placed into effect, subject to refund, by Kentucky Power on December 1, 1979, in this case and an increase of approximately 78¢<sup>8</sup> per month as compared to the rates approved by the Commission in Case No. 7164.

IT IS THEREFORE ORDERED, that the rates proposed by the Applicant and set forth in its Notice of June 11, 1979, be and the same are hereby denied.

IT IS FURTHER ORDERED, that the Applicant be and it hereby is directed to place into effect the rates set forth in Appendix "A" attached hereto and made a part hereof. Said rates and charges are to be made effective as of the end of the suspension period (December 1, 1979).

IT IS FURTHER ORDERED, that the Applicant be and it hereby is directed to refund to those persons entitled thereto all rates and charges collected in excess of those approved herein.

IT IS FURTHER ORDERED, that Kentucky Power Company shall within ten (10) days submit for Commission approval a refund plan in accordance with KRS 278.190 (4).

IT IS FURTHER ORDERED, that for the reasons set forth on Page 10 of this Order, Kentucky Power Company be and it is hereby denied, without prejudice, authority to apply a fuel expense surcharge to its billings.

IT IS FURTHER ORDERED, that Kentucky Power Company shall file with the Commission within thirty (30) days of the date of this Order its revised tariff sheets setting out the rates approved herein.

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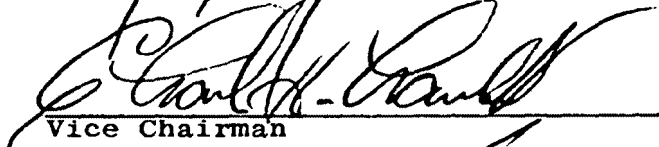
<sup>8</sup>Based on a bill of 900 KWH

Done at Frankfort, Kentucky, this the 11th day of April,

1980.

ENERGY REGULATORY COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY  
COMMISSION IN CASE NO. 7489 DATED April 11, 1980

The following rates and charges are prescribed for the customers in the area served by Kentucky Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

GENERAL SERVICE (GS)\*

RATE:

Kwhrs equal to first 50 times kw of monthly billing demand:	
First 30 kwhrs	7.690¢ per kwhr
Over 30 kwhrs	6.021¢ per kwhr
Kwhrs equal to next 150 times kw of monthly billing demand:	
First 3,000 kwhrs	4.228¢ per kwhr
Over 3,000 kwhrs	3.015¢ per kwhr
Kwhrs in excess of 200 times kw of monthly billing demand:	
	2.359¢ per kwhr

MINIMUM CHARGE:

This tariff is subject to a minimum monthly charge of \$2.75. The minimum monthly charge shall be subject to adjustments as determined under the "Fuel Clause."

EQUIPMENT SUPPLIED BY CUSTOMER:

When the customer furnishes and maintains the complete substation equipment including any and all transformers and/or switches and/or other apparatus necessary for the customer to take his entire service at the primary voltage of the transmission or distribution line from which service is to be received, a credit of \$.22 per kw of monthly billing demand will be applied to each monthly net bill.

MEASUREMENT OF ENERGY AND DETERMINATION OF DEMAND

Customer's demand shall be taken monthly to be the highest registration of a 15-minute integrating demand meter or indicator, or the highest registration of a thermal type demand meter. No billing demand shall be taken as less than 2.5 kw.

Any industrial and coal mining customer contracting for 3 phase service after October 1, 1959 shall contract for capacity sufficient to meet their normal maximum requirements in kw, but not less than 10 kw. Monthly billing demands of these customers shall not be less than 60% of contract capacity and the minimum monthly charge shall be \$2.75 per kw of monthly billing demand, subject to applicable equipment credit.

The company shall have the option of reading meters monthly or bimonthly and rendering bills accordingly for customers billed on basis of minimum monthly demand of 2.5 kw. When bills are rendered bimonthly the minimum charge and the quantity of kwhrs in each block of the rate shall be multiplied by 2.

\*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."

GENERAL SERVICE (GS) (Cont'd) \*

SPECIAL TERMS AND CONDITIONS:

First 3 kw or fraction thereof of contract demand \$14.79 per month  
Each kw of contract demand in excess of 3 kw \$ 2.96 per month  
per kw

LARGE POWER (LP)\*

RATE:

Kwhrs equal to the first 30 times the kva of monthly billing demand: 6.932¢ per kwhr

Kwhrs equal to the next 170 times the kva of monthly billing demand:  
as follows:

First	3,000 Kwhrs	3.882¢ per kwhr
Next	3,000 Kwhrs	3.613¢ per kwhr
Next	4,000 Kwhrs	3.343¢ per kwhr
Next	10,000 Kwhrs	3.075¢ per kwhr
Next	80,000 Kwhrs	2.805¢ per kwhr
All over	100,000 Kwhrs	2.537¢ per kwhr

Kwhrs equal to the next 160 times the kva of monthly billing demand: 2.012¢ per kwhr

Kwhrs in excess of 360 times the kva of monthly billing demand: 1.744¢ per kwhr

MINIMUM CHARGE:

This tariff is subject to a minimum monthly charge of \$1.76 per kva of monthly billing demand. The minimum monthly charge so determined shall be subject to (a) adjustments as determined under the "Fuel Clause", (b) adjustments as determined under clauses entitled "Delivery Voltage" and "Equipment Supplied by Customer".

DELIVERY VOLTAGE:

The rate set forth in this tariff is based upon the delivery and measurement of energy at standard distribution voltages established by the company of not less than a nominal voltage of approximately 2,400 volts nor more than a nominal voltage of approximately 34,500 volts. For the delivery and measurement of energy at any voltage less than the voltage of established distribution lines operating within these limits an additional charge will be made of \$.22 per month per KVA of monthly billing demand.

EQUIPMENT SUPPLIED BY CUSTOMER:

When the customer owns, operates and maintains the complete sub-station equipment, including all transformers, switches, and other apparatus necessary for receiving and purchasing electric energy at the primary voltage of transmission lines operated at approximately 46,000 or 69,000 volts and when the customer owns all equipment beyond the delivery point of service, bills hereunder shall be subject to a credit of \$.35 per KVA of monthly billing demand.

\*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."

CAPACITY POWER - OPTIONAL (CPO)\*

RATE:

Kwhrs equal to the first 30 times the kva of monthly billing demand: 7.013¢ per kwhr

Kwhrs equal to the next 170 times the kva of monthly billing demand as follows:

First	3,000 kwhrs	3.964¢ per kwhr
Next	3,000 kwhrs	3.686¢ per kwhr
Next	4,000 kwhrs	3.411¢ per kwhr
Next	10,000 kwhrs	3.133¢ per kwhr
Next	80,000 kwhrs	2.857¢ per kwhr
All over	100,000 kwhrs	2.580¢ per kwhr

Kwhrs equal to the next 160 times the kva of monthly billing demand: 2.051¢ per kwhr

Kwhrs in excess of 360 times the kva of monthly billing demand: 1.775¢ per kwhr

MINIMUM CHARGE:

This tariff is subject to a minimum monthly charge of \$2.75 per kva of monthly billing demand. The minimum monthly charge so determined shall be subject to (a) adjustments as determined under the "Fuel Clause", (b) credits as determined under clause entitled "Equipment Supplied by Customer".

EQUIPMENT SUPPLIED BY CUSTOMER:

Delivery Voltage	Credit per Kva of Monthly Billing Demand
2,400 - 34,500	\$.22
46,000 - 69,000	\$.35

LARGE CAPACITY POWER (LCP)\*

RATE:

Primary Portion:

First	1,000 kw of monthly billing demand as determined below:	\$8.831 per kw
Next	3,000 kw of monthly billing demand	8.132 per kw
All over	4,000 kw of monthly billing demand	7.423 per kw

The customer shall be allowed 315 kwhrs for each kw of monthly billing demand billed hereunder.

Secondary Portion: Energy in excess of 315 kwhrs per kw of monthly billing \$.01673 per kwhr

Reactive Demand Charge:

For each kilovar of lagging reactive demand in excess of 50% of the kw of monthly billing demand \$ .35 per kvar

RATE ADJUSTMENT:

In any monthly period when metered kwhrs are less than 315 kwhrs per kw of monthly billing demand, the customer shall receive a credit on such deficiency in kwhrs at a rate of 1.104 cents per kwhr.

EQUIPMENT SUPPLIED BY CUSTOMER:

When the customer owns, operates, and maintains the complete sub-station equipment, including all transformers, switches and other apparatus necessary for receiving and purchasing electric energy at the primary voltage of transmission lines operated at voltages in excess of approximately 34,500 volts and when the customer owns all equipment beyond the delivery point of service, bills hereunder shall be subject to a credit of \$.35 per kw of monthly billing demand.

\*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."

LARGE CAPACITY POWER (LCP) (Cont'd)\*

MINIMUM CHARGE:

This tariff is subject to a minimum monthly charge equal to: 60% of customer's contract capacity or 1,000 kw (whichever is greater) multiplied by \$1.60 per kw, subject to (a) adjustment in accordance with the Fuel Clause for actual kwhrs used and (b) adjustment for lagging reactive demand at the rate of \$.35 for each kvar in excess of 50% of: 60% of customer's contract capacity or 1,000 kw (whichever is greater).

MUNICIPAL WATERWORKS (MW)\*

RATE:

First	10,000 kwhrs used per month	3.129¢ per kwhr
Next	90,000 kwhrs used per month	2.402¢ per kwhr
All over	100,000 kwhrs used per month	2.267¢ per kwhr

MINIMUM CHARGE:

The above rate is subject to minimum monthly charge of \$1.64 per kva of installed transformer capacity or its equivalent as determined from customer's total connected load. The minimum monthly charge shall be subject to adjustments as determined under the "Fuel Clause".

HIGH TENSION POWER (HTP)\*

RATE:

	<u>Rate Per KVA Per Month</u>	
	<u>For 69 kv Delivery Voltage</u>	<u>For 138 kv Delivery Voltage</u>
A. When measured demand is equal to or exceeds minimum monthly billing demand:		
First 10,000 kva of measured demand per month	\$13.996	\$13.840
All over 10,000 kva of measured demand per month	\$13.675	\$13.615
B. When measured demand is less than minimum monthly billing demand:		
Each kva of measured demand per month at above rate.		
For each kva of difference between minimum monthly billing demand and measured demand per month	\$10.534	\$10.343

MINIMUM MONTHLY CHARGE:

This tariff is subject to minimum monthly charge of "Rate" as applied to minimum monthly billing demand under the customer's contract but not less than \$125,964 for 69 kv delivery voltage or \$124,560 for 138 kv delivery voltage, each subject to adjustments as determined under the "Fuel Adjustment Clause."

ELECTRIC HEATING SCHOOLS (EHS)\*

RATE:

First 500 kwhrs per month multiplied by the number of classrooms in entire school	4.565¢ per kwhr
Balance of kwhrs	2.431¢ per kwhr

Where every energy requirement, including, but not limited to, heating, cooling and water heating, of an individual school building or an addition to an existing school building including college and university buildings is supplied by electricity furnished by the company, all energy shall be billed at 2.431¢ per kwhr.

\*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Clause."



ELECTRIC HEATING SCHOOLS (EHS) (Cont'd)\*

MINIMUM CHARGE:

\$16.20 per month.

SURCHARGE:

A Surcharge will be applied to the net amount of each monthly bill in accordance with the following schedule:

Service rendered May 19, 1979 through May 18, 1980 30 Percent  
Service rendered May 19, 1980 through May 18, 1981 40 Percent  
This tariff will terminate May 18, 1981.

ELECTRIC HEATING GENERAL (EHG)\*

RATE:

For the first 200 kWhrs or any part thereof used in any month \$10.10 Min. Bill  
For the next 6800 kWhrs used in the same month 3.117¢ per kWhr  
For all over 7000 kWhrs used in the same month 2.711¢ per kWhr

There shall be added to the above kWhr charges \$1.64 for each kw of monthly demand in excess of 30 kw.

SURCHARGE:

A Surcharge will be applied to the net amount of each monthly bill in accordance with the following schedule:

Service rendered May 19, 1979 through May 18, 1980 30 Percent  
Service rendered May 19, 1980 through May 18, 1981 40 Percent  
This tariff will terminate May 18, 1981.

MINIMUM CHARGE:

This tariff is subject to a minimum monthly charge of \$10.10 plus \$1.64 for each kw of monthly billing demand in excess of 30 kw, and adjustments as determined under the "Fuel Clause."

SCHOOL SERVICE (SS)\*

RATE:

All energy 4.780¢ per kWhr

MINIMUM CHARGE:

\$3.30 per month.

SURCHARGE:

A Surcharge will be applied to the net amount of each monthly bill in accordance with the following schedule:

Service rendered May 19, 1979 through May 18, 1980 30 Percent  
Service rendered May 19, 1980 through May 18, 1981 40 Percent  
This tariff will terminate May 18, 1981.

RESIDENTIAL ELECTRIC SERVICE (RS)\*

RATE:

First	30 kWhrs per month	7.516¢ per kWhr
Next	40 kWhrs per month	6.257¢ per kWhr
Next	130 kWhrs per month	4.187¢ per kWhr
Next	300 kWhrs per month	3.005¢ per kWhr
Next	1000 kWhrs per month	2.654¢ per kWhr
Over	1500 kWhrs per month	2.380¢ per kWhr

\*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment"

RESIDENTIAL ELECTRIC SERVICE (RS) (Cont'd)\*

MINIMUM CHARGE:

This tariff is subject to a minimum monthly bill of \$2.75 for each meter installed. The minimum monthly charge shall be subject to adjustments as determined under the "Fuel Clause."

TRANSMISSION POWER (TP)\*

RATE:

	<u>For 34.5-69 kv Delivery Voltage</u>	<u>For 138 kv Delivery Voltage</u>
Primary Portion:		
For the first 25,000 kva of monthly billing demand	\$7.220 per kva	\$6.997 per kva
For all over 25,000 kva of monthly billing demand	\$6.781 per kva	\$6.764 per kva
The customer shall be allowed 300 kWhrs for each kva of monthly billing demand billed in accordance with this section.		
Secondary Portion:		
Energy in excess of 300 kWhrs per kva of monthly billing demand		\$.01497 per kwhr

\*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per KWH determined in accordance with the "Fuel Adjustment Clause."