

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF JACKSON COUNTY)
RURAL ELECTRIC COOPERATIVE CORPORATION)
FOR AN ORDER AUTHORIZING A PASS-THROUGH) CASE NO. 8001
OF EAST KENTUCKY POWER WHOLESAL POWER)
RATE INCREASE IN CASE NO. 7981)

O R D E R

On October 27, 1980, Jackson County Rural Electric Cooperative Corporation (Applicant) filed its Application to flow-through any increase in rates granted its wholesale power supplier, East Kentucky Power Company, Inc. (East Kentucky) in Case No. 7981. Applicant is one of eighteen member distribution cooperatives of East Kentucky. In Case No. 7981, East Kentucky requested an increase in revenue of approximately \$25,631,320. Of this total increase, Applicant would experience an increase in power costs of approximately \$2,558,062. This increase represents 9.98% of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 17.25%.

The matter was scheduled for hearing on January 23, 1981, at the Commission's offices in Frankfort, Kentucky. The hearing was conducted as scheduled and the Consumer Protection Division of the Attorney General's office was the only intervenor present.

The matter, of the methodology for rate-making purposes, to process the increased power cost was discussed by Mr. L. Cole of Jackson County Rural Electric Cooperative Corporation in his testimony as spokesman for all eighteen (18) cooperatives and Mr. M. Kays in his testimony on behalf of the methodology of Grayson County Rural Electric Cooperative Corporation. The methodology most used by the applicants was the percentile method, whereby the increased

wholesale power cost is divided by the normalized test period revenue, then 100% is added to the quotient and multiplied by all the current rates. Another rate-making procedure, an energy adder charge to metered KWH sales, was also discussed. The energy adder charge procedure is the process whereby the increased wholesale power cost is divided by the metered KWH's and the quotient, being in dollars per KWH, is added to the metered KWH rates only.

The Commission after review of the evidence of record and being advised is of the opinion and so FINDS:

(1) That the actual increase granted East Kentucky in Case No. 7981 is \$25,631,320 which will result in an increase in power costs to Applicant of \$2,558,062.

(2) That Applicant is entitled to recover the increased wholesale power costs granted in Case No. 7981 and its financial condition would be materially impaired if it were not allowed to recover this additional cost.

(3) That the revised rates and charges set out in the attached Appendix "A" are designed to reflect only the increased power costs from East Kentucky, granted in the final order in Case No. 7981.

(4) That the flow-through of the wholesale power costs will not result in any additional net margin to Applicant.

(5) That the most equitable method for rate-making purposes is the energy adder charge, therefore, this is the rate-making procedure used to determine the final rates in this case.

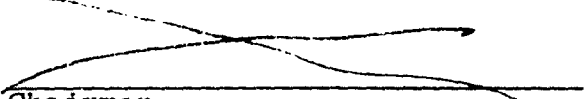
IT IS THEREFORE ORDERED, that Jackson County Rural Electric Cooperative Corporation is hereby authorized to flow-through the increased power costs resulting from the rate increase granted its wholesale power supplier in Case No. 7981.

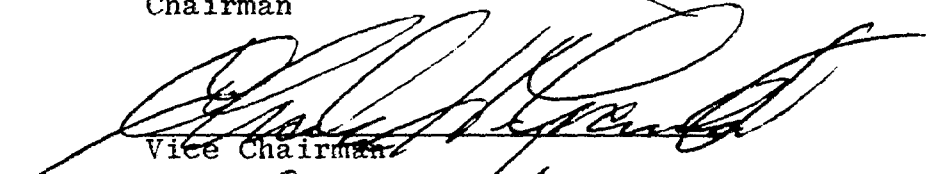
IT IS FURTHER ORDERED, that the rates set out in Appendix "A" shall be placed into effect simultaneously with the effective date of the East Kentucky wholesale power increase.

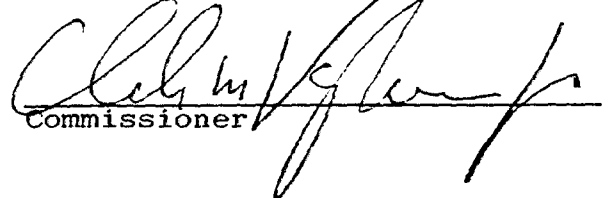
IT IS FURTHER ORDERED, that Jackson County Rural Electric Cooperative Corporation shall file within twenty (20) days from the date of this Order its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this the 26th day of February, 1981.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE KENTUCKY ENERGY
REGULATORY COMMISSION IN CASE NO. 8001
DATED FEBRUARY 26, 1981.

The following rates and charges are prescribed for the customers in the area served by Jackson 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 this Commission prior to the date of this Order.

SCHEDULE 10
RESIDENTIAL, FARM AND NON-FARM SERVICE*

Rate

Customer Charge Per Month	\$4.52
First 650 KWH Per Month	.05039 per KWH
All Over 650 KWH Per Month	.04159 per KWH

Minimum Charges

The minimum monthly charge under the above rate shall be \$4.52 or the amount provided in the contract for service, whichever shall be higher.

SCHEDULE 20
COMMERCIAL, SMALL POWER, AND THREE-PHASE FARM SERVICE*

Rate

Customer Charge Per Month	\$5.00
First 1,000 KWH Per Month	.05179 per KWH
Next 1,000 KWH Per Month	.05029 per KWH
All Over 2,000 KWH Per Month	.04759 per KWH

Minimum Monthly Charge

The minimum monthly charge under the above rate shall be \$5.00 or the amount provided in the contract for service, whichever shall be higher.

SCHEDULE 30
LARGE POWER SERVICE LESS THAN 50 KW*

Rate

Customer Charge Per Month	\$6.00
Demand Charge Per Month	\$3.45 per KW
<u>Energy Charge Per KWH</u>	
First 1,000 KWH Per Month	.04789 per KWH
All Over 1,000 KWH Per Month	.04489 per KWH

SCHEDULE 33
WATER PUMPING SERVICE*

Rate

Customer Charge Per Month	\$10.00
First 10,000 KWH Per Month	.04479 per KWH
Next 40,000 KWH Per Month	.04249 per KWH
All Over 50,000 KWH Per Month	.03889 per KWH

SCHEDULE 40
LARGE POWER MORE THAN 50 KW BUT LESS THAN 275 KW*

Rate

Customer Charge Per Month	\$15.00
Demand Charge Per Month	3.45 per KW
<u>Energy Charge</u>	
First 10,000 KWH Per Month	.04239 per KWH
Next 40,000 KWH Per Month	.04109 per KWH
All Over 50,000 KWH Per Month	.03919 per KWH

SCHEDULE 43
LARGE POWER RATE - OVER 275 KW*

Rate

Customer Charge Per Month	\$30.00
Demand Charge Per Month	3.45 per KW
<u>Energy Charge</u>	
First 150,000 KWH Per Month	.03749 per KWH
All Over 150,000 KWH Per Month	.03589 per KWH

SCHEDULE 50 AND 60
SCHOOLS, CHURCHES AND COMMUNITY HALLS*

Rate

Customer Charge Per Month	\$ 5.00
First 800 KWH Per Month	.04519 per KWH
All Over 800 KWH Per Month	.04279 per KWH

Minimum Charges

The minimum monthly charge under the above rate shall be \$5.00 or the amount provided in the contract for service, whichever shall be higher.

SCHEDULE 52
ALL ELECTRIC SCHOOLS

Rate

Customer Charge Per Month	\$10.00
All KWH	0.04129 Per KWH

SCHEDULE SL
OUTDOOR LIGHTING SERVICE - SECURITY LIGHTS*

Rate Per Light Per Month

Mercury Vapor Lamp	175 Watt	90 KWH	\$4.73 per Month
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*Fuel Cost Adjustment Charge

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the wholesale power supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 50:075.