

COMMONWEALTH OF KENTUCKY

BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF GRAYSON RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR)
AN ORDER AUTHORIZING A PASS-THROUGH) CASE NO. 8006
OF EAST KENTUCKY POWER WHOLESALE)
POWER RATE INCREASE IN CASE NO. 7981)

O R D E R

On October 30, 1980, Grayson 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 \$772,384. This increase represents 3.05% of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 15.91%.

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 \$772,384.

(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.

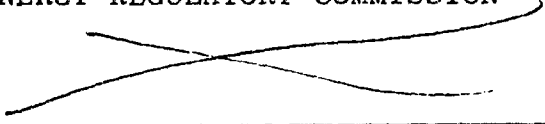
IT IS THEREFORE ORDERED, that Grayson Rural Electric Cooperative Corporation is hereby authorized to flow-through the increased power costs resulting from the rate increase granted its wholesale power supplier in Case No. 7981.

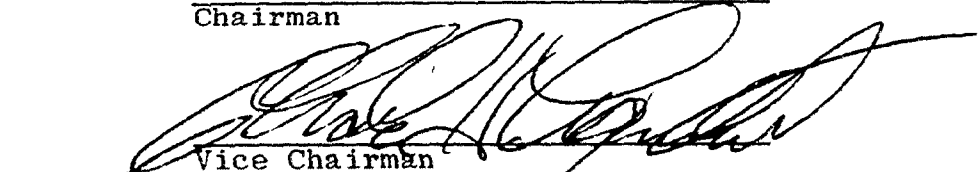
IT IS FURTHER ORDERED, that the rates set out in Appendix "A" shall be placed into effect simultaneously with the effective date of the East Kentucky wholesale power increase.

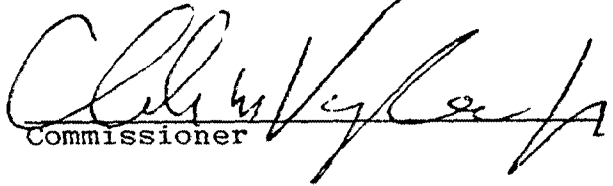
IT IS FURTHER ORDERED, that Grayson Rural Electric Cooperative Corporation shall file within twenty (20) days from the date of this Order its revised tariff sheets setting out the rates and charges approved herein.

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. 8006
DATED FEBRUARY 26, 1981.

The following rates and charges are prescribed for the customers in the area served by Grayson 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 1*
DOMESTIC-FARM & HOME SERVICE, PUBLIC BUILDINGS,
SCHOOLS, CHURCHES, ETC.
COMMERCIAL & SMALL POWER 0 - 49 KVA

Rates:

Customer Charge Per Month	\$ 6.89
Energy Charge	.04697 Per KWH

Minimum Charge:

The minimum monthly charge under the above rate shall be \$6.89 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity the minimum monthly charge shall be increased at the rate of 75¢ for each additional KVA or fraction thereof required. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities, where the minimum charge is increased in accordance with the terms of this section, additional energy and demand shall be included in accordance with the foregoing rate schedule.

SCHEDULE 4
LARGE POWER SERVICE 50 - 600 KW*

Rates:

Demand Charge

\$4.02 Per Month per KW of Billing Demand

Customer Charge Per Month	\$52.83
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Energy Charge	.03917 Per KWH
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Minimum Charge:

The minimum monthly charge shall be the highest one of the following charges as determined for the consumer in question.

- 1) The minimum monthly charge specified in the contract service.
- 2) A charge of \$0.75 per KVA of required transformer capacity.
- 3) A charge of \$52.83.

Minimum Annual Charge For Seasonal Service:

Consumers requiring service only during certain seasons not exceeding nine (9) months per year may guarantee a minimum annual charge; in which case there shall be no minimum monthly charge. The minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the consumer, and in no event shall it be less than \$9.00 per KVA of installed transformer capacity, or \$633.96, whichever is greater.

SCHEDULE 5
STREET LIGHTING SERVICE*

Base Rate Per Light Per Year:

For dusk to dawn lighting with lights mounted on existing wooden poles with bracket attachments and connected to existing overhead secondary circuits. The Cooperative shall furnish and install wooden pole and secondary extension if required for street lights, within 200 feet of the existing secondary circuits.

For the following monthly charges the Cooperative will furnish, install and maintain the lighting fixtures and accessories including pole, hardware, control, lamps, overhead wiring, etc.; and the energy required.

<u>Lamp Size</u>	<u>Mercury Vapor Lamps</u>	<u>Annual Charge per Lamp</u>
175 Watt	\$5.12 Per Month	\$61.44

SCHEDULE 6
OUTDOOR LIGHTING SERVICE - SECURITY LIGHTS*

Rate Per Light Per Month:

175 Watt Mercury Vapor Lamp	\$ 5.12
250 Watt Mercury Vapor Lamp	6.79

SCHEDULE 7
ALL ELECTRIC SCHOOLS (A.E.S.)*

Rates:

All KWH	\$ 0.05257 Per KWH
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Minimum Charge:

The minimum annual charge shall be sufficient to assure adequate compensation for the facilities installed to serve the consumer, and in no event shall it be less than \$9.00 per KVA or required transformer capacity as determined by the Cooperative, or the amount specified in the contract, whichever is greater.

SCHEDULE 8
SEASONAL SERVICES - SERVICES ACTIVE LESS THAN NINE (9)
MONTHS OUT OF A YEAR

Rates:

Customer Charge Per Month	\$ 8.45
Energy Charge	.06067 Per KWH

Minimum Charge:

The minimum monthly charge under the above rate shall be \$8.45 where 25 KVA or less of transformer capacity is required. For members requiring more than 25 KVA of transformer capacity the minimum monthly charge shall be increased at the rate of 75¢ for each additional KVA or fraction thereof required.

*Fuel Clause Adjustment

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.