

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF BLUE GRASS)
RURAL ELECTRIC COOPERATIVE)
CORPORATION OF NICHOLASVILLE,)
KENTUCKY, FOR AN ORDER) CASE NO. 8378
AUTHORIZING AN INCREASE IN ITS)
RETAIL RATES, APPLICABLE TO ALL)
CONSUMERS)

O R D E R

On November 4, 1981, Blue Grass Rural Electric Cooperative Corporation ("Blue Grass") filed an application with this Commission requesting authority to increase its revenue by \$676,765 annually, an increase of 8.98 percent over normalized annual revenue. Blue Grass also requested, pursuant to KRS 278.190, that the Commission grant an interim increase in revenue of \$338,767 effective December 1, 1981. In its application, Blue Grass contended that net margins for the calendar year 1981 would be reduced by such an amount that it could be in technical violation of its mortgage agreements with its major lenders, REA and the National Rural Utilities Cooperative Finance Corporation, and that its equity position could be severely reduced if immediate relief was not granted. No testimony in support of either the proposed interim increase or the proposed permanent increase has been filed at this time.

The application specifically requests that the Commission (a) grant the proposed interim increase effective for all electricity sold on and after December 1, 1981; (b) assign the proposed permanent increase for hearing at the earliest practicable date; and (c) approve the proposed permanent increase immediately after completion of the public hearing.

The Commission, having considered the request for an interim increase and being advised, is of the opinion and finds that:

1. Based on its 1979 and 1980 earnings Blue Grass will not be in technical violation of its mortgage agreements even though its 1981 earnings are depressed.

2. Blue Grass has not demonstrated that its equity position would be severely reduced by the failure to approve the proposed interim rate increase.

3. The financial data contained in the exhibits to the application do not reflect that an emergency exists with regard to Blue Grass's financial condition and Blue Grass has not provided any additional evidence which would support its request for a hearing on emergency rate relief.

IT IS THEREFORE ORDERED that the request by Blue Grass for an interim rate increase is hereby denied.

Done at Frankfort, Kentucky, this 11th day of January, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vob
Chairman

Satherine Sandall
Vice Chairman

Jim Carigan
Commissioner

ATTEST:

Secretary