

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF FARMERS )  
RURAL ELECTRIC COOPERATIVE CORPORATION) )  
FOR AN ORDER AUTHORIZING A PASS- ) CASE NO. 8415-E  
THROUGH OF EAST KENTUCKY POWER WHOLE- )  
SALE POWER RATE INCREASE IN )  
CASE NO. 8400 )

O R D E R

Farmers Rural Electric Cooperative Corporation ("Applicant") filed its application to flow through any increase in rates granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., ("East Kentucky") in Case No. 8400. Applicant is one of 18 member distribution cooperatives of East Kentucky. In Case No. 8400, East Kentucky requested an increase in revenue of approximately \$24,110,886. Of this total increase, Applicant would experience an increase in power costs of approximately \$1,261,816, which represents 5.23 percent of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 18.2 percent.

On December 18, 1981, the 18 distribution cooperatives of East Kentucky filed a motion requesting that they be permitted to deviate from the Commission's filing requirements and to flow through the increase by use of a purchased power adjustment clause promulgated by the Commission. In its order of February 3, 1982, the Commission authorized Applicant to deviate from the

filing requirements and to file certain information deemed essential to the Commission's consideration of the request to flow through any wholesale power increase received from East Kentucky.

Hearings were held on April 27 and 28, 1982, at the Commission's offices in Frankfort, Kentucky. The Consumer Protection Division of the Attorney General's Office, Charles F. Cook of Clark County, Kentucky, and Sarah A. Bowers, Mt. Hermon, Kentucky, were the intervenors of record.

It is the opinion of the Commission that the most equitable method to use in processing the increased power cost for rate-making purposes in this case is the energy adder per metered KWH sales. All of the Applicants except Clark Rural Electric Cooperative and Grayson Rural Electric Cooperative used this method. These two applications have been adjusted to this method.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

(1) The actual increase allowed East Kentucky in Case No. 8400 is \$14,951,106 which will result in an increase in power costs to Applicant of \$783,740.

(2) Applicant's financial condition would be materially impaired if it were not allowed to recover the increased wholesale power costs allowed in Case No. 8400.

(3) The revised rates and charges in Appendix A are designed to reflect only the increased power costs from East Kentucky allowed in the final order in Case No. 8400.

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

(5) The most equitable method to use in processing the increased power costs for rate-making purposes is the energy adder charge, which should be used to determine the final rates in this case.

IT IS THEREFORE ORDERED that Farmers Rural Electric Cooperative Corporation is hereby authorized to flow through the increased power costs resulting from the rate increase granted its wholesale power supplier, East Kentucky Power Cooperative, Inc., in Case No. 8400.

IT IS FURTHER ORDERED that the rates in Appendix A shall be placed into effect on the effective date of the East Kentucky wholesale power increase.

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

Done at Frankfort, Kentucky, this 3rd day of June, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Voth  
Chairman

Katherine Raudall  
Vice Chairman

Tom Carigan  
Commissioner

ATTEST:

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Secretary

AMENDED APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 8415-E DATED JUNE 3, 1982

The following rates and charges are prescribed for the customers in the area served by Farmers 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 R  
RESIDENTIAL SERVICE

Rates:

First	50 KWH	(Minimum Charge)	\$6.52	Per Month
Next	150 KWH		7.591¢	Per KWH
Remaining	KWH		5.112¢	Per KWH

Minimum Charges:

The minimum monthly charge to consumers billed under the above rate shall be \$6.52 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of KWH corresponding to the minimum charge in accordance with the foregoing rate. The minimum monthly charge for three-phase service shall be \$.75 per KVA of installed transformer capacity.

SCHEDULE C  
COMMERCIAL AND INDUSTRIAL SERVICE

Rates Per Month:

For all consumers whose kilowatt demand is less than 50 KW:

Kilowatt Demand Charge:

None

First	50 KWH	(Minimum Charge)	\$6.52	Per Month
Next	150 KWH		7.804¢	Per KWH
Remaining	KWH		5.596¢	Per KWH

For all consumers whose kilowatt demand is 50 KW or above:

Kilowatt Demand Charge:                      Per KW                      \$3.58

Energy Charge:

First	10,000 KWH	4.942¢ Per KWH
Next	20,000 KWH	4.777¢ Per KWH
Remaining	KWH	4.635¢ Per KWH

Minimum Monthly Charge:

The minimum monthly charge under the above rates shall be \$6.52 for single-phase service. Payment of the minimum charge shall entitle the consumer to the use of the number of kilowatt hours corresponding to the minimum charge in accordance with the foregoing rate.

The minimum monthly charge for three-phase service shall be 75¢ per KVA of installed transformer capacity or the minimum monthly charge stated in the service contract. Where it is necessary to extend or re-enforce 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 shall be included in accordance with the foregoing rate schedule.

SCHEDULE OL  
OUTDOOR LIGHTING SERVICE

Rate Per Fixture:

<u>Type of Lamp</u>	<u>Watts</u>	<u>Monthly KWH Usage</u>	<u>Monthly Charge Per Lamp</u>
Mercury Vapor	175	70	\$ 5.68
Mercury Vapor	250	98	6.35
Mercury Vapor	400	156	9.62
Mercury Vapor	1000	378	16.21
Sodium Vapor	100	42	6.11
Sodium Vapor	150	63	7.02
Sodium Vapor	250	105	9.40
Sodium Vapor	400	165	11.86
Sodium Vapor	1000	385	25.55

The rates and charges in this Appendix incorporate the rates and charges granted in Case No. 8437.