

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE AND APPLICATION FOR ADJUSTMENT)
OF RATES FOR JACKSON PURCHASE ELECTRIC) CASE NO. 8863
COOPERATIVE CORPORATION)

ORDER GRANTING REHEARING

On January 13, 1984, Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") filed a petition for rehearing of the rate Order issued by the Commission on December 29, 1983. Jackson Purchase alleges that the Commission's policy of disallowing interest expense on funds drawn down after the close of the test year should not be applied to it in this case since the policy was announced by the Commission after the case had been filed. Jackson Purchase therefore contends that it was denied "due process."

In its rate order of October 24, 1983, in Case No. 8778, Salt River RECC, the Commission gave notice of its change in policy and stated that in future proceedings the burden of proof would be upon the utility to show why this post-year interest expense should be allowed for ratemaking purposes. In its Order of October 28, 1983, (data request for Jackson Purchase), the Commission stated its position on this matter and instructed Jackson Purchase to present any evidence it could in opposition thereto.

Jackson Purchase did so in its data response of November 14, 1983, and presented additional testimony on the subject at the hearing before the Commission on December 8, 1983. Accordingly, the Commission is of the opinion that Jackson Purchase has been accorded full due process on this issue. However, to insure that the utility has been allowed to fully present its position, the Commission will grant a limited rehearing on this issue. Since there are no evidentiary facts in dispute, another evidentiary hearing will not be necessary.¹ Accordingly, the Commission will allow Jackson Purchase 15 days from the date of this Order to file a memorandum setting forth its position as to why the Commission's policy on post-test year interest is incorrect as a matter of law and policy. The Attorney General, the intervenor in this case, will then have 15 days to file any response to Jackson Purchase's memorandum.

IT IS THEREFORE ORDERED that Jackson Purchase Electric Co-operative Corporation's petition for rehearing be, and it hereby is, granted.

IT IS FURTHER ORDERED that Jackson Purchase shall have 15 days from the date of this Order to file a memorandum of law in this matter. The Attorney General will then have 15 days to file any response.

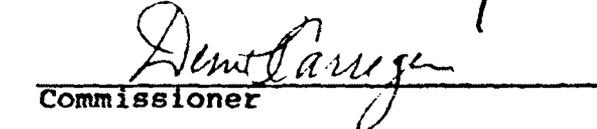
¹United States v. Storer Broadcasting Co., 351 U.S. 192, 202-205 (1956); Citizens for Allegan County, Inc. v. Federal Power Commission, 414 F.2d 1125 (D.C. Cir. 1969).

Done at Frankfort, Kentucky, this 2nd day of February, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary