

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

TIME OF DAY TARIFF FILING BY)
KENTUCKY UTILITIES COMPANY) CASE NO. 8915

O R D E R

On October 28, 1983, Kentucky Utilities Company ("KU") filed time-of-day tariffs as required by the Commission's Order of February 28, 1982, in Administrative Case No. 203, The Determinations with Respect to the Ratemaking Standards Identified In Section III(d) (1)-(6) of the Public Utility Regulatory Policies Act of 1978. KU filed two time-of-day ("TOD") tariffs. The Rate LCI-TOD is an experimental TOD rate for large commercial and industrial customers. The KU proposal includes 11 customer accounts under this tariff. These accounts provide approximately \$19,500,000 in revenue. The Rate LMP-TOD is an experimental TOD rate for large mine power customers. There are 12 customer accounts proposed in KU's filing to be included under this tariff. These accounts provide revenue of approximately \$15,300,000. KU also filed a copy of the letter of notice to the TOD customers; workpapers supporting the proposed rate design; and the billing impact of the TOD rates on each customer account.

On November 16, 1983, the Commission suspended the tariffs and scheduled a hearing to allow full consideration of the tariffs. No motions to intervene were filed in this proceeding. A hearing was

conducted on December 14, 1983, beginning at 9:00 a.m. at the Commission's offices in Frankfort, Kentucky.

At the hearing, Mr. Robert M. Hewett, Vice President of Rates and Contracts, testified concerning the customer selection for the TOD group, the design of the rates, and the efforts of KU to educate and inform the customers about TOD rates. During the hearing, Mr. Hewett proposed that one of the customers originally proposed to be billed under the LMP-TOD tariff be excluded. The closing of one of the customer's mines because of a fire resulted in the customer's demand being reduced to around 2,000 kw, which is considerably below the 5,000 kw level used to select the other TOD customers.

FINDINGS

The Commission finds the LCI-TOD and LMP-TOD tariffs proposed by KU to be reasonable and equitable. The tariffs provide a better signal to customers concerning KU's cost to produce electricity than non-time-differentiated tariffs. Further, the terms and conditions of the tariffs are appropriate for the 1-year experimental phase of the TOD rates as previously ordered in Administrative Case No. 203.

ORDER

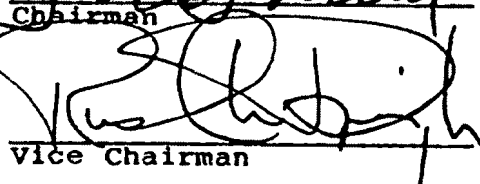
IT IS HEREBY ORDERED that the proposed LCI-TOD tariff and the LMP-TOD tariff shall become effective for calculating monthly bills for services rendered after January 25, 1983.

IT IS FURTHER ORDERED that KU shall file with the Commission, within 20 days of the date of this Order, its tariff sheets as approved herein.

Done at Frankfort, Kentucky, this 23rd day of January, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary