

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FOX CREEK)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER) CASE NO. 10027
AUTHORIZING AN ADDITIONAL)
LARGE POWER RATE TARIFF)

O R D E R

On May 15, 1987, East Kentucky Power Cooperative, Inc., ("EKPC") filed two optional schedules to its Wholesale Tariff, Schedule B and Schedule C, in Case No. 9582, The Notice of East Kentucky Power Cooperative, Inc., of a Revision to its Wholesale Electric Power Tariff. On September 19, 1986, the Commission ordered that the amended Schedule C was reasonable and just and was accepted. In the October 16, 1986, Order the Commission stated that:

Of the three distribution cooperatives which have already filed retail tariffs to pass through EKPC's wholesale rates, two have followed EKPC's advice and one has not. The one which has not followed the advice instead proposed a retail tariff so as to maintain a neutral effect on its net income. Thus the cooperative is not adversely affected by this proposal. The Commission prefers this methodology which maintains the same net income for the member cooperatives.

On September 14, 1987, Fox Creek Rural Electric Cooperative Corporation ("Fox Creek") filed its application to establish additional Large Power Rate Tariff Schedules C 1, C 2, and C 3 for qualifying consumers. The purpose of the proposed tariff is to

provide equitable rates for prospective future industrial customers locating within Fox Creek's service area and to provide a degree of uniformity of industrial rates within the 18-member EKPC service area. The proposed retail rate has been developed based upon wholesale rates that have been filed with the Commission by EKPC in Case No. 9582. Currently, none of EKPC's existing customers qualify for the proposed new rate schedules. Schedule C 1 is available to contracts with a monthly demand at 1,000 to 4,999 KW with a monthly energy usage equal to or greater than 425 hours per KW of billing demand. Schedule C 2 is applicable to contracts with a demand of 5,000 to 9,999 KW with a monthly energy usage equal to or greater than 425 hours per KW of billing demand. Schedule C 3 is available to contracts with demands of 10,000 KW or greater with a monthly energy usage equal to greater than 425 hours per KW of billing demand. Schedule C 1 rates track EKPC's Wholesale Rate Schedule C with a \$535 customer charge and an 8 mil adder to the energy charge. Schedule C 2 rates track EKPC Wholesale Rate Schedule C with a \$1,069 customer charge and a 2 mil adder to the wholesale energy charge. Schedule C 3 rates track EKPC Wholesale Rate Schedule C with a \$1,069 customer charge and a 2 mil adder to the wholesale energy charge.

Acceptance of Schedules C 1, C 2, and C 3 is a departure from the Commission's traditional rate-making objectives. In October 1987 the Commission will begin a review of EKPC's Wholesale Rate C and retail rates passing through Rate C.

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

(1) Fox Creek has no existing customers that qualify for proposed Schedules C 1, C 2, and C 3.

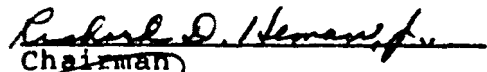
(2) These schedules pass through EKPC's Wholesale Rate Schedule C.

(3) The proposed schedules are reasonable and just and should be accepted.

IT IS THEREFORE ORDERED that Fox Creek's Rate Schedules C 1, C 2, and C 3 have been found to be reasonable and just and are accepted. Fox Creek shall file with the Commission a signed copy of Schedules C 1, C 2, and C 3 within 20 days of the date of this Order.

Done at Frankfort, Kentucky, this 1st day of October, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director