

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF SOUTH KENTUCKY RECC OF)
SOMERSET, KENTUCKY FOR A REVISION TO ITS)
RETAIL TARIFFS AND TO IMPLEMENT A RETAIL) CASE NO. 10383
MARKETING RATE FOR SPECIAL RETAIL)
APPLICATIONS)

O R D E R

On September 12, 1988, South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") filed a revision to its retail electric tariff to provide for an off-peak retail marketing rate for special retail applications and to eliminate its Schedule A-T-O-D (Experimental Residential, Farm, and Non-Farm Service - Time-of-Day) and Schedule WH (Experimental Controlled Water Heater Rate). On September 28, 1988, the Commission suspended the effective date of this revision until March 12, 1989.

South Kentucky's retail marketing rate is designed to offer a 40 percent discount in the energy rates of both Residential, Farm, and Non-Farm Service Schedule A and Small Commercial Rate Schedule B to consumers served under these tariffs. It is offered in conjunction with the Marketing Rate of the Wholesale Power Rate Schedule A of East Kentucky Power Cooperative, Inc. ("EKPC") previously approved by the Commission in its Order, dated September 8, 1988, in Case No. 10281, The Notice of East Kentucky Power Cooperative, Inc. of a Revision to Its Wholesale Electric Power Tariff to Implement a Wholesale Power Marketing Rate for

Special Retail Applications. This wholesale power marketing rate offers to South Kentucky and EKPC's other member cooperatives a 20 percent discount to the current wholesale power energy rate for off-peak power used for designated marketing programs.

The initial application of South Kentucky's marketing rate will be for the use of Electric Thermal Storage ("ETS") devices. ETS is a technology that allows heat to be stored in one time period and used in another. Specifically, the ETS device can be controlled by the utility to store heat at night during off-peak hours and to discharge heat as needed, with no contribution to on-peak load.

In December 1986, the Commission approved South Kentucky's Experimental ETS Tariff and permitted South Kentucky and EKPC to conduct a pilot program involving ETS devices. The load research data produced by that program indicated that ETS was a favorable off-peak load building technique which improved load factor. South Kentucky now seeks to replace the Experimental Tariff Schedule ETS with the off-peak retail marketing rate in Schedule A and Schedule B. This change will cause the energy rate currently being charged to ETS users to rise from \$0.03133 to \$0.031962 per KWH per month.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that the retail tariffs of South Kentucky should be revised so as to implement a retail marketing rate for special retail applications and to eliminate Schedule A-T-O-D and Schedule WH which are not presently in use.

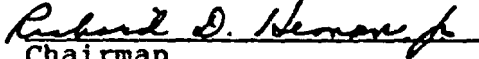
IT IS THEREFORE ORDERED that:

1. South Kentucky's Residential, Farm, and Non-Farm Service Schedule A and Small Commercial Rate Schedule B as filed with the Commission on September 12, 1988 be and hereby are approved.

2. Within 20 days of the date of this Order, South Kentucky shall file with this Commission tariffs complying with the findings of this Order.

Done at Frankfort, Kentucky, this 28th day of November, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director