

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF SHELBY RECC OF)
SHELBYVILLE, KY FOR A REVISION)
TO ITS RETAIL TARIFFS TO IMPLEMENT) CASE NO. 89-019
A RETAIL MARKETING RATE FOR)
SPECIAL RETAIL APPLICATIONS)

O R D E R

On January 25, 1989, Shelby Rural Electric Cooperative Corporation ("Shelby RECC") filed a revision to its retail electric tariffs to become effective on March 1, 1989. The revision provides for an off-peak retail marketing rate for special retail applications. On February 10, 1989, Shelby RECC amended its filing to correct a minor discrepancy in the original filing.

The retail marketing rate is designed to offer a 40 percent discount to the energy rate of Schedule General Service, Rate 1 to consumers eligible for that same tariff. This rate offering is in conjunction with the Marketing Rate of the Wholesale Power Rate Schedule A of East Kentucky Power Cooperative, Inc. ("EKPC") approved by the Commission in Case No. 10281.¹ This wholesale power marketing rate offers to Shelby RECC and EKPC's other member cooperatives a 20 percent discount to the current wholesale power

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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.

energy rate for off-peak power used for designated marketing programs.

The initial application of Shelby RECC'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 peak load.

The Commission has previously allowed electric utilities to charge special rates for power used by ETS devices. In December 1986, we permitted South Kentucky Rural Electric Cooperative Corporation and EKPC to conduct a 3-year pilot program involving ETS units. The load research data produced by that program indicates that ETS is a favorable off-peak load building technique which improves load factor.

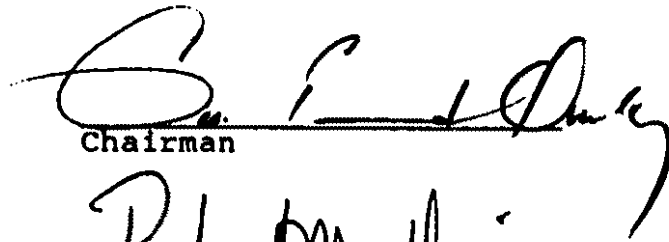
The Commission, having considered the evidence of record and being advised, is of the opinion and finds that the revised tariffs should be approved. The Commission is further of the opinion and finds that the standardized customer contract for off-peak ETS heating filed as Exhibit D of the February 10, 1989 application should be filed as part of Shelby RECC's tariff.

IT IS THEREFORE ORDERED that:

1. Shelby RECC's Attachment A to Rate GS-1 is approved.
2. Within 20 days of the date of this Order, Shelby RECC shall file with this Commission a tariff complying with the findings of this Order.

Done at Frankfort, Kentucky, this 24th day of February, 1989.

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ATTEST:

Executive Director