

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SOUTH KENTUCKY RURAL ELECTRIC)
COOPERATIVE CORPORATION'S FILING)
OF AMENDMENT NO. 2 TO THE) CASE NO. 90-145
INDUSTRIAL POWER AGREEMENT WITH)
ASAHI MOTOR WHEEL COMPANY, INC.)

O R D E R

On May 14, 1990, South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") filed Amendment No. 2 to the Industrial Power Agreement with Asahi Motor Wheel Company, Inc. ("AMW") for the Commission's approval. By Order entered May 24, 1990, the Commission suspended the proposed amendment through November 13, 1990, and directed South Kentucky to file additional information in support of the amendment. South Kentucky filed its response including the additional information on June 18, 1990.

On June 8, 1990, South Kentucky filed a motion for interim approval of the amendment subject to retroactive application of any modifications ordered by the Commission at the conclusion of this case.

The proposed amendment includes two principle changes from Amendment No. 1 under which South Kentucky is presently serving AMW: (1) AMW's contract demand would be reduced from 7,495 kilowatts ("KW") to 1,000 KW, meaning AMW would be served on South Kentucky's LP-1 rate schedule rather than the LP-2 rate schedule

on which it is presently being served; and (2) by way of a 50 percent credit on the wholesale portion of AMW's power bills, South Kentucky would reimburse AMW \$240,000 which represents the difference in billings to AMW from November 1989 through March 1990 at contract demand levels versus the amounts AMW would have been billed at its actual demand levels. In return for this reimbursement, AMW would pay an amount of \$4,000 per month for the 60-month term of the amendment as a contribution in aid of construction to South Kentucky's power supplier, East Kentucky Power Cooperative, Inc. ("EKPC") for a part of its investment in facilities to serve AMW.

As grounds for its motion for interim approval, South Kentucky states that requiring AMW to pay rates based on the contract demand during the pendency of this proceeding would impose a severe hardship on AMW and possibly affect the future success of the AMW operation. The motion also states that the amendment adequately protects the interests of South Kentucky and EKPC while providing needed relief to AMW. South Kentucky requested approval to be effective April 1, 1990, subject to any modifications later ordered by the Commission.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, THEREFORE ORDERS that:

1. South Kentucky's request for interim approval of Amendment No. 2 to the Industrial Power Agreement with AMW is hereby denied.

2. As an interim measure, AMW's contract demand shall be reduced to 1,000 KW and AMW shall be served on South Kentucky's LP-1 Rate Schedule effective with bills rendered on and after the date of this Order.

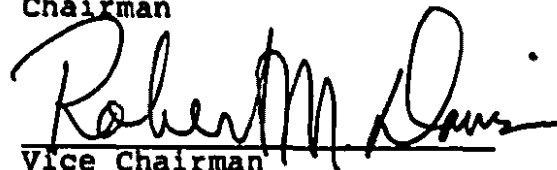
3. A hearing on this matter will be held at 10:00 a.m., EDT, July 18, 1990 in Hearing Room No. 1 of the Commission's offices, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 11th day of July, 1990.

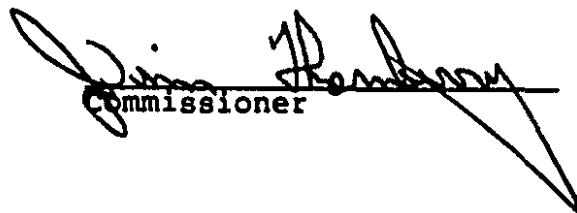
PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ATTEST:



Executive Director