

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HARRISON COUNTY)
RURAL ELECTRIC COOPERATIVE)
CORPORATION, INC. FOR AN ADJUSTMENT) CASE NO. 94-432
TO ITS RETAIL ELECTRIC POWER TARIFFS)

O R D E R

IT IS ORDERED that Harrison County Rural Electric Cooperative Corporation, Inc. ("Harrison") shall file an original and 10 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the information should be placed in a separate volume with each item numbered to correspond to the request included herein. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. The information is due no later than February 21, 1995.

The following questions refer to Exhibits C and D of the application, Item 1 of the response to the Commission's Order of January 24, 1995, and to four pages of Exhibits N and P of the application filed by East Kentucky Power Cooperative, Inc. ("East Kentucky") in Case No. 94-336¹, which were referenced in Harrison's response and are attached as Appendix A to this Order.

¹ Case No. 94-336, The Application of East Kentucky Power Cooperative, Inc. for an Adjustment to its Wholesale Power Tariffs.

1. Item 1(b) of Harrison's response shows the calculation of a decrease in load center rates for Schedule C customers of \$28,476, which is twelve times the new load center charge of \$2,373 per month. Should this decrease instead be twelve times the difference between the new load center charge of \$2,373 per month and the old charge of \$1,069 per month? If no, explain why not.

2. Item 1(a) of Harrison's response shows the calculation of the decrease in rates for Schedule C customers of \$219,123, which includes the \$190,647 calculated by East Kentucky plus the \$28,476 load center charge increase allocated to Schedule C customers. Should this decrease include instead the \$190,647 calculated by East Kentucky less the proper allocated load center charge increase? If no, explain why not.

3. Item 1(c) of Harrison's response refers to East Kentucky's Exhibit P, page 2 of 4, showing a decrease of \$476,481 and load center increases of \$216,684 for Harrison's Section E rates. The amounts shown on Exhibit P compared to those shown on Exhibit N reflect a net decrease of \$539,797 and an increase in load center charges of \$137,388 (\$227,184 per Exhibit P less \$89,796 as shown on Exhibit N). Explain in detail how the amounts of \$476,481 and \$216,684 provided in the response were derived from the East Kentucky exhibits.

4. A review of the aforementioned responses and the East Kentucky exhibits indicates there is need for modifications to Exhibits C and D of Harrison's application. The attached Appendix B includes a restatement of those exhibits with the necessary

modifications. The restatement results in a decrease in the rate reduction for Schedule C customers, from \$190,647 to \$174,999, and an increase in the rate reduction for Schedule E customers, from \$539,797 to \$555,546. Provide any comments regarding the modifications and whether they accurately follow the amounts in the East Kentucky exhibits and the methodology proposed by Harrison.

Done at Frankfort, Kentucky, this 14th day of February, 1995.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

EAST KENTUCKY POWER COOPERATIVE

EXHIBIT N
Page 2 of 7

CASE NO. 94 - 336

REVENUE BY RATE CLASS UNDER CURRENT WHOLESALE RATES

RATE SCHEDULE E

DEMAND =	\$4.34
1ST STEP ENERGY =	0.03154
2ND STEP ENERGY =	0.02365
ETS =	0.01892
LOAD CENTER CHARGE	\$1,069.00

COOPERATIVE	DEMAND REVENUE	ETS REVENUE	1ST STEP ENERGY REVENUE	2ND STEP ENERGY REVENUE	TOTAL ENERGY REVENUE	LOAD CENTER REVENUE	TOTAL REVENUE
BIG SANDY	\$2,153,820	\$0	\$8,471,008	\$217,298	\$6,688,308	\$102,624	\$8,844,750
BLUE GRASS	4,049,841	3,624	11,756,949	520,654	12,281,227	128,280	16,459,148
CLARK	2,767,208	9,434	8,215,438	370,738	8,595,811	179,592	11,542,409
CUM. VALLEY	3,893,898	724	11,555,557	492,783	12,049,044	180,661	16,123,601
FARMERS	2,813,652	15,819	8,460,793	325,513	8,802,125	102,624	11,718,401
FLEM. - MAS.	2,543,783	325	7,783,656	364,273	8,148,254	115,452	10,807,489
FOX CREEK	1,349,953	1,084	3,931,249	84,324	4,016,657	64,140	5,430,749
GRAYSON	1,666,673	2,047	5,059,532	181,428	5,243,008	102,624	7,012,303
HARRISON	1,381,544	9,436	4,167,339	172,229	4,349,005	89,796	5,820,344
INTER. CO.	2,651,814	0	7,908,836	235,561	8,144,397	128,280	10,924,491
JACKSON CO.	6,207,194	6,400	18,648,101	676,906	19,331,407	256,560	25,795,161
LICK. VALLEY	1,971,922	0	5,888,156	328,324	6,316,480	115,452	8,403,855
NOLIN	4,036,378	0	11,770,023	293,144	12,063,166	192,420	16,291,964
OWEN	4,947,748	2,265	14,766,977	455,939	15,225,180	218,079	20,391,004
SALT RIVER	5,096,644	16,297	15,074,476	548,104	15,638,877	269,388	21,004,909
SHELBY	1,771,371	5,053	5,382,365	235,570	5,622,989	115,452	7,509,812
SOUTH KY.	6,770,409	68,506	19,869,822	577,898	20,514,226	256,560	27,541,195
TAYLOR CO.	3,015,337	0	9,056,703	338,903	9,395,605	128,280	12,539,222
TOTALS	\$59,088,983	\$139,014	\$175,860,979	\$6,419,570	\$182,425,563	\$2,746,261	\$244,260,807

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 94-432 DATED FEBRUARY 14, 1995.

APPENDIX A

EAST KENTUCKY POWER COOPERATIVE

CASE NO. 94 - 338

REVENUE BY RATE CLASS UNDER CURRENT WHOLESALE RATES

**RATE SCHEDULE C
AND INLAND CONTAINER**

CONTRACT DEMAND = \$5.39
ENERGY = 0.02365

COOPERATIVE	DEMAND REVENUE	ENERGY REVENUE	TOTAL REVENUE
BLUE GRASS	\$323,400	\$613,001	\$936,401
FARMERS	156,598	335,666	492,461
FLEM. - MASON	1,040,000	2,669,009	3,709,010
FOX CREEK	0	0	0
GRAYSON	170,432	375,027	545,459
HARRISON	398,823	1,044,275	1,441,098
JACKSON CO.	287,427	726,813	1,014,240
OWEN	232,050	573,387	805,437
SOUTH KY.	267,603	686,550	954,153
TOTAL C	\$2,874,331	\$7,023,929	<u>\$9,898,259</u>
INLAND CONTAINER*	946,071	4,367,476	<u>\$5,313,548</u>
INLAND STEAM*	833,077	3,982,441	<u>\$4,815,518</u>

* 40% EDR Discount on Demand Rate

EAST KENTUCKY POWER COOPERATIVE

CASE NO. 94 - 336

EXHIBIT P

Pag 2 of 4

DEMAND RATE \$7.06

TOTALS - ANNUAL CP
3 - STATIONAL

**SCHEDULE E
REVENUE DECREASE BY COOPERATIVE**

ENERGY CHARGE:

ON-PEAK 0.023558
OFF-PEAK 0.018020
METERING CHARGE \$125
SUBSTATION CHARGE:
2 MVA \$944
5 MVA \$2,573
10 MVA \$2,855
20 MVA \$4,605

Revenue Requirements \$219,660,674
Less: Load Center 7,199,920
TOT REV REQ \$212,462,673

COOPERATIVE	DEMAND REVENUE	ON-PEAK ENERGY REVENUE	OFF-PEAK ENERGY REVENUE	METERING POINT REVENUE	2 MVA REVENUE	5 MVA REVENUE	10 MVA REVENUE	20 MVA REVENUE	TOTAL LOAD CENTER REVENUE	TOTAL REVENUE	NORM. REVENUE	DIFFERENTIAL
Big Dandy	\$3,184,279	\$2,811,255	\$1,865,299	\$12,000	\$0	\$50,952	\$205,560	\$0	\$274,512	\$7,935,845	\$8,944,750	(\$1,009,405)
Blue Grass	8,158,014	4,752,976	3,483,504	15,000	0	0	308,340	55,260	378,600	14,772,894	16,458,148	(1,686,254)
Clark	4,125,116	3,317,898	2,447,264	21,000	11,328	118,904	208,560	0	551,792	10,242,157	11,542,409	(1,300,252)
Cumb. Valley	5,418,592	4,650,843	3,420,751	21,125	0	56,952	379,715	55,260	513,052	14,003,238	16,129,801	(2,126,563)
Farmers	4,319,393	3,479,891	2,439,963	12,000	0	0	274,060	0	288,080	10,519,126	11,718,401	(1,199,275)
Flem.-Mason	5,965,164	3,068,148	2,378,074	13,500	0	0	171,300	110,520	285,320	9,708,707	10,807,490	(1,100,783)
Fox Creek	2,106,260	1,566,747	1,112,917	7,500	0	28,475	102,780	0	138,756	4,924,700	5,430,749	(506,049)
Grayson	2,532,824	2,056,068	1,458,161	12,000	0	142,380	102,780	0	257,184	6,304,214	7,012,503	(708,089)
Harrison	2,131,358	1,684,227	1,237,778	10,500	0	113,904	102,780	0	227,184	5,280,847	5,820,844	(539,797)
Inter-County	4,170,151	3,183,372	2,263,076	15,000	0	56,952	274,080	0	348,032	9,962,632	10,924,491	(961,859)
Jackson Co.	9,893,980	7,448,571	5,478,588	30,000	0	170,856	445,380	55,260	701,496	28,822,784	28,795,162	(2,472,428)
Licking Valley	2,991,343	2,464,870	1,788,149	13,500	0	119,904	171,300	0	298,704	7,540,866	8,403,858	(862,992)
Nolin	5,257,440	4,734,044	3,533,255	22,500	0	170,856	274,080	55,260	522,696	14,847,436	16,291,964	(1,444,528)
Owen	7,440,582	5,945,066	4,241,842	25,500	0	170,856	375,560	0	373,216	18,200,606	20,891,004	(2,190,398)
Salt River	7,877,033	6,126,926	4,359,155	31,500	0	199,332	445,380	0	676,212	19,039,826	21,004,909	(1,965,583)
Shelby	2,724,551	2,184,275	1,588,285	13,500	0	56,952	239,820	0	310,272	6,817,413	7,509,612	(692,999)
South KY.	10,572,061	7,992,598	5,759,577	30,000	0	85,428	479,640	110,520	705,588	25,019,823	27,541,195	(2,521,372)
Taylor	4,510,921	3,715,901	2,590,294	15,000	0	85,428	239,820	0	340,248	11,257,364	12,539,222	(1,281,858)
Total	\$90,279,213	\$70,977,465	\$51,243,532	\$321,125	\$11,328	\$1,023,132	\$4,799,255	\$442,080	\$7,199,920	\$219,697,131	\$244,260,509	(\$24,563,378)

EAST KENTUCKY POWER COOPERATIVE

CASE NO. 94-336

EXHIBIT P

Pag 4 of 4

**SCHEDULE C
REVENUE DECREASE BY COOPERATIVE**

Contract Demand Rate \$5.39
Energy Rate 0.020030
Energy Rate (Inland) 0.019030

COOPERATIVE	CONTRACT DEMAND REVENUE	ENERGY REVENUE	TOTAL REVENUE	NORM. REV.	DIFFERENTIAL	COOPERATIVE
Blue Grass	\$323,400	\$519,172	\$842,572	\$936,401	(\$93,829)	Blue Grass
Farmers	150,931	284,458	435,387	492,461	(57,074)	Farmers
Flem. - Mason	957,232	2,260,476	3,217,708	3,709,010	(491,302)	Flem. - Mason
Fox Creek	0	0	0	0	0	Fox Creek
Grayson	161,274	317,823	479,098	545,459	(66,361)	Grayson
Harrison	366,019	684,433	1,050,451	1,441,098	(390,647)	Harrison
Jackson Co.	253,955	615,563	869,518	1,014,240	(144,722)	Jackson Co.
Owen	219,777	485,621	705,398	805,437	(100,039)	Owen
South KY.	252,575	581,463	834,038	954,153	(120,115)	South KY.
TOTAL	\$2,685,163	\$5,948,507	\$8,633,670	\$9,598,259	(\$964,589)	TOTAL
INLAND - E (1)	\$908,799	\$3,517,968	\$4,426,768	\$5,313,548	(\$906,780)	INLAND - E

(1) EOR Discount of 40% applied to the Demand Rate

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-432 DATED FEBRUARY 14, 1995.

1. Load center rate increase

Load center revenues at new rates	\$227,184
Less: load center revenues at old rates	<u>89,796</u>
	\$137,388

2. One load center's increase allocated to Schedule C

New load center charge	\$2,373	
Less: old load center charge	<u>1,069</u>	
	\$1,304	X 12 = \$15,648

3. Section E rate decrease

Revenue at new rates w/o load center revenue	
[\$5,280,547 - \$227,184 (per EKP Ex. P, page 2)]	\$5,053,363
Less: revenue at old rates w/o load center revenue	
[\$5,820,344 - \$89,796 (per EKP Ex. N, page 2)]	<u>5,730,548</u>
	\$ 677,185

Retail Rates Based on East Kentucky's Schedule C Rates

Decrease in Schedule C Rates (per EKP Ex. P)	\$190,647
Less: Load center increase for Schedule C	<u>15,648</u>
Net decrease in costs for Schedule C customers	\$174,999
Divided by kwh sales to Schedule C customers	43,657,228
Equal decrease in each Schedule C energy rate	.004008

Retail Rates Based on East Kentucky's Schedule E Rates

Decrease in Schedule E Rates	\$677,185
Less: Load center increase for Schedule E	<u>121,740</u>
Net decrease in costs for Schedule E customers	\$555,445
Divided by kwh sales to Schedule E customers	127,181,178
Equal decrease in each Schedule E energy rate	.004367