

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SHELBY RURAL ELECTRIC COOPERATIVE)
CORPORATION'S FILING OF A PROPOSED TARIFF)
FOR PROVISION OF OPTIONAL RESIDENTIAL,) CASE NO. 96-302
CHURCH AND SCHOOL SERVICE RATE 10 AND)
OPTIONAL T-O-D DEMAND - RATE 22)

O R D E R

IT IS ORDERED that Shelby Rural Electric Cooperative Corporation ("Shelby") 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 data requested should be placed in a bound volume with each item tabbed. 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 witness who will be responsible for responding to questions relating to the information provided. The information requested herein is due 21 days from the date of this Order.

1. Exhibit C to the tariff filing contains Shelby's Statement of Operations and the calculations of revenue and expense adjustments to the test year.

a. The tariff filing was submitted to the Commission on May 31, 1996. Why was the test period of calendar year 1994 used in Shelby's tariff filing? Explain Shelby's reason(s) for selecting 1994.

b. Given the timing of the Commission's Orders in East Kentucky Power Cooperative's rate reduction case, did Shelby consider using calendar year 1995 instead of 1994 as the test period? Explain why a 1995 test period was not used.

2. Exhibit C to the tariff filing shows a revenue adjustment of \$1,223,381. However, Exhibit C(1), page 8 of 8, shows a required adjustment of \$1,398,287. Reconcile the two amounts and indicate which is the appropriate adjustment.

3. Exhibit C(1) to the tariff filing indicates that the revenue adjustment is based on monthly rates as of March 1, 1996. The purchase power adjustment calculations contained in Exhibit C(2) reference rates effective July 26, 1995.

a. Why were rates as of two different dates used in the adjustments to the 1994 test period?

b. Recalculate Exhibit C(2) using rates effective March 1, 1996.

4. Resubmit Exhibit C, using a calendar year 1995 test period. Recalculate the revenue and purchase power adjustments to reflect rates in effect as of March 1, 1996. Include any additional supporting workpapers as necessary.

5. Concerning the Optional Residential, Church & School Service - Rate 10 proposal:

a. When developing the tariff, how many customers did Shelby estimate would choose this optional tariff? What percentage of the total customer class does the estimate represent?

b. How did Shelby develop its estimated number of customers choosing this optional tariff? Include copies of all workpapers, assumptions, and other supporting documentation used to develop the estimate.

c. What is the total dollar impact of the proposed tariff on the Statement of Operations contained in Exhibit C? Indicate which account line items would be impacted. Include the calculations used to develop the total dollar impact.

d. What is the total dollar impact of the proposed tariff on the revised Exhibit C, which is based on a 1995 test period? Indicate which account line items would be impacted. Include the calculations used to develop the total dollar impact.

6. Concerning the Optional TOD Demand - Rate 22 proposal:

a. When developing the tariff, how many customers did Shelby estimate would choose this optional tariff? What percentage of the total customer class does the estimate represent?

b. How did Shelby develop its estimated number of customers choosing this optional tariff? Include copies of all workpapers, assumptions, and other supporting documentation used to develop the estimate.

c. What is the total dollar impact of the proposed tariff on the Statement of Operations contained in Exhibit C? Indicate which account line items would be impacted. Include the calculations used to develop the total dollar impact.

d. What is the total dollar impact of the proposed tariff on the revised Exhibit C, which is based on a 1995 test period? Indicate which account line items would be impacted. Include the calculations used to develop the total dollar impact.

7. Provide an updated Exhibit D to the tariff filing as of December 31, 1995.

8. Refer to Exhibit A, page 1, "Minimum Monthly Charge." This section of the proposed tariff indicates that the minimum monthly charge may be increased to provide adequate compensation if it is necessary to extend or upgrade existing facilities. Does

Shelby intend to file a tariff revision and necessary cost support if the minimum monthly charge is increased for any customer?

9. Refer to Exhibit A, page 2. Item 2 under "Special Provisions" indicates that the utility may connect to the non-tariff side of the telephone service, if available.

a. By "non-tariff side," is this referring to the customer's side of the telephone network interface device, also known as the "station protector"? If not, explain what is meant by "non-tariff side."

b. Will a customer still have the option of subscribing to the optional service if the customer does not have telephone service?

10. Refer to Exhibit A, page 2. Item 3 under "Special Provisions" indicates that the utility may audit the consumer's heating system and the customer must make provisions to limit the resistance heating capacity to an amount that will provide proper heating performance.

a. Define "proper heating performance."

b. The next sentence in the tariff indicates that heating capacity limitations will be accomplished by sizing the capacity of individual heating units or staging multiple units. What capacity limitations, stated in terms of kilowatts, will be imposed?

c. How does Shelby intend to enforce the requirement for customers to limit resistance heating capacity?

11. The response to Question 13 of the direct testimony of James R. Adkins states in part "that the proposal is strictly an optional one, and the retail customer can select this rate if he is willing to live with the potential inconveniences of load controlling

devices." How does Shelby propose to educate customers of their obligations with respect to the proposed optional rate?

12. Refer to Question 7 of the direct testimony of Dudley Bottom, Jr.

a. The response suggests that the technology for utility load control equipment, and presumably, monitoring equipment, has not yet been selected by Shelby. Is this correct? If not, provide technical details on the load control and monitoring equipment.

b. Will the optional rate reduction be available even if Shelby lacks the capability to control and monitor customer loads? If so, has Shelby considered the possibility that customers might not remember their obligation to be subjected to load control once Shelby has obtained these capabilities? Explain.

c. The last sentence of the response indicates that load control will be targeted to those system areas where future plant investment could be deferred. Explain why it should not be considered discriminatory to institute load control in some areas, but not in others, assuming that customers in all areas have the option of receiving the reduced rate?

d. Do customers who select the optional rate have the option of returning to their original rate schedules?

Done at Frankfort, Kentucky, this 31st day of July, 1996.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director