

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT TARIFF FILING OF BIG RIVERS)	
ELECTRIC CORPORATION, JACKSON)	
PURCHASE ENERGY CORPORATION,)	
KENERGY CORP. AND MEADE)	CASE NO. 2000-116
COUNTY RURAL ELECTRIC)	
COOPERATIVE CORPORATION)	
)	

O R D E R

Big Rivers Electric Corporation (“Big Rivers”), Jackson Purchase Energy Corporation (“Jackson Purchase”), Kenergy Corp. (“Kenergy”) and Meade County Rural Electric Cooperative Corporation (“Meade County”) (collectively “Distribution Cooperatives”) filed their application requesting Commission approval of tariff riders for voluntary load curtailment on March 10, 2000. The proposed tariff riders will provide for voluntary curtailments by customers of the Distribution Cooperatives having at least 1000 kilowatts of curtailable load. Any customer that curtails service pursuant to this rider will receive a payment for the energy curtailed.

TARIFF PROVISIONS

Because Big Rivers no longer operates generating stations or owns generating reserves that can be used to meet unforeseen power obligations, it must meet those obligations by managing contractual rights to power. One option available to Big Rivers is to purchase power on the open market; however, the price of power on the open market has become quite volatile at peak usage periods and can have a dramatic

impact on Big Rivers' cost of purchased power. The proposed curtailable service tariff is designed to give Big Rivers an additional tool to minimize its purchase power costs during periods of peak demand.

Big Rivers is proposing that its voluntary curtailment tariff rider allow it to call upon certain large industrial customers for voluntary load curtailment in exchange for a direct payment to be negotiated for each curtailment. The payments would provide sufficient incentive to the curtailing customers, yet cost Big Rivers less than it would otherwise have to pay to purchase the power from the market. The tariff proposed by each Distribution Cooperative is designed to take advantage of the Big Rivers' tariff for the benefit of their respective customers.

Discussion of Issues

The Commission recognizes the concerns expressed in the application and commends Big Rivers and the Distribution Cooperatives for attempting to address these concerns through the proposed tariff riders. The issue of a direct payment to be negotiated for each curtailment is an issue of first impression and one the Commission finds should be monitored, at least until an appreciable amount of data has been accumulated on the operation of the tariff riders. Therefore, the Commission will require that Big Rivers file an annual report, on a calendar year basis, on the operation of the tariff, within 90 days of the end of each of the next two calendar years, 2000 and 2001.¹

¹ The report should identify each curtailment individually, including the amount of load curtailed, the duration of the curtailment, the direct payment to the customer, the date and time of the curtailment, and a description of the conditions that led Big Rivers to request the curtailment.

FINDINGS AND ORDERS

The Commission, based on the evidence of record and being sufficiently advised, hereby finds that:

1. The tariff revisions contained in the application do not involve a general adjustment in rates, and will not result in an increase or decrease in any rate or charge to any wholesale customer of Big Rivers or retail customer of the Distribution Cooperatives.

2. The proposed curtailable service tariffs are for a proper purpose and will not impair Big Rivers' and the Distribution Cooperatives' ability to provide service to their customers.

IT IS THEREFORE ORDERED that:

1. The curtailable tariff riders for Big Rivers and the Distribution Cooperatives are approved as filed and shall be effective on and after the date of this Order.

2. Within 90 days of the end of the year, for each of the calendar years 2000 and 2001, Big Rivers shall file an annual report on the operation of its curtailable service rider, as described in this Order.

3. Within 10 days from the date of this Order, Big Rivers and the distribution Cooperatives shall file their new curtailable tariff riders that show the effective date specified herein.

Done at Frankfort, Kentucky, this 6th day of April, 2000

By the Commission

ATTEST:



Executive Director