

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FINING OF OWEN)	
ELECTRIC COOPERTIVE, INC. TO)	
ADJUST RATE SCHEDULES FOR)	CASE NO.
LARGE INDUSTRIAL CUSTOMERS)	2006-00014

O R D E R

On December 16, 2005, Owen Electric Cooperative, Inc. ("Owen") submitted a proposal to adjust its rate schedules for large industrial customers. It proposed that the adjusted rates become effective February 1, 2006. The Commission, upon finding that further investigation was necessary, suspended the proposed revisions through June 30, 2006. Owen responded to Commission Staff's February 1, 2006 data request on February 10, 2006. There are no intervenors in this proceeding.

Owen's proposal will lower the energy charges of all industrial customers with monthly contract demands of 1,000 kW and above as the customers' load factors improve. Owen states that its proposal will encourage existing industrial customers to use electricity more efficiently as well as serve as a further inducement to potential new industrial customers considering locating in its service territory.

Under Owen's current tariffs, applicable industrial customers are subject to a monthly minimum kWh usage of 425 hours of contract demand or actual demand, whichever is higher. The 425 hour usage minimum does not change under the proposed tariffs. The proposed change is a reduction in the energy rate for all kWh consumed above the 425-hour minimum.

Owen estimates that while this proposed rate reduction will initially result in revenue erosion of approximately \$59,000 annually, its customers' load factor improvements will mitigate the revenue erosion over time. Owen will experience only a slight reduction in its Times Interest Earned Ratio ("TIER") under the revised rates.¹

Finding that good cause exists and being otherwise sufficiently advised, the Commission HEREBY ORDERS that:

1. The rates proposed by Owen and set out in Appendix A to this Order are approved for service rendered on and after the date of this Order.
2. Within 20 days of the date of this Order, Owen shall file revised tariffs that set out the rates authorized herein and reflect that they were issued pursuant to this Order.

Done at Frankfort, Kentucky, this 10th day of March, 2006.

By the Commission

ATTEST:



Executive Director

¹ Responses To Commission Staff's First Data Request to Owen Electric Cooperative, Inc., page 2, Item 1(c). Owen states that its 2005 TIER was 2.39. If the proposed rate reduction had been in effect for the entire year, Owen's TIER would have been 2.37.

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00014 DATED

The following rates and charges are prescribed for the customers in the area served by Owen Electric Cooperative, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

SCHEDULE VIII
LARGE INDUSTRIAL RATE LPC1

Energy Charge	\$.03499 Per kWh for all kWh equal to 425 hours per kW of billing demand
Energy Charge	\$.03116 Per kWh for all kWh in excess of 425 hours Per kW of billing demand

SCHEDULE IX
LARGE INDUSTRIAL RATE LPC2

Energy Charge	\$.02999 Per kWh for all kWh equal to 425 hours per kW of billing demand
Energy Charge	\$.02866 Per kWh for all kWh in excess of 425 hours Per kW of billing demand

SCHEDULE X
LARGE INDUSTRIAL RATE LPC1-A

Energy Charge	\$.03299 Per kWh for all kWh equal to 425 hours per kW of billing demand
Energy Charge	\$.03016 Per kWh for all kWh in excess of 425 hours Per kW of billing demand

SCHEDULE XI
LARGE INDUSTRIAL RATE LPB1

Energy Charge \$.03499 Per kWh for all kWh equal to 425 hours per
kW of billing demand

Energy Charge \$.03116 Per kWh for all kWh in excess of 425 hours
Per kW of billing demand

SCHEDULE XII
LARGE INDUSTRIAL RATE LPB1-A

Energy Charge \$.03299 Per kWh for all kWh equal to 425 hours per
kW of billing demand

Energy Charge \$.03016 Per kWh for all kWh in excess of 425 hours
Per kW of billing demand

SCHEDULE XIII
LARGE INDUSTRIAL RATE LPB2

Energy Charge \$.02999 Per kWh for all kWh equal to 425 hours per
kW of billing demand

Energy Charge \$.02866 Per kWh for all kWh in excess of 425 hours
Per kW of billing demand