

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC COOPERATIVE	)	
CORPORATION FOR AN ORDER AUTHORIZING AN	)	CASE NO.
INCREASE IN ITS RETAIL ELECTIC RATES EQUAL TO	)	2008-00421
THE INCREASE IN ITS WHOLESALE POWER COSTS	)	

INTERIM ORDER

On October 31, 2008, Owen Electric Cooperative Corporation (“Owen Electric”) submitted an application to increase its rates for electric service pursuant to 807 KAR 5:001, Section 10. Owen Electric states that the sole purpose of this increase is to pass through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. (“EKPC”) in Case No. 2008-00409.<sup>1</sup> EKPC filed its request for an increase in the wholesale rates charged to its member distribution cooperatives on October 31, 2008. Owen Electric requested that the effective date of its rate adjustment be “synchronized” with the effective date of any rate adjustment authorized for EKPC.<sup>2</sup> Gallatin Steel Company, Owen Electric’s largest end-use customer, requested and was granted full intervention in this proceeding on November 14, 2008.

On August 27, 2008, Owen Electric filed a general rate application, separate from the application herein, in which it sought an annual revenue increase of \$4,064,395. In

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<sup>1</sup> Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

<sup>2</sup> Application at 4.

that application, which was docketed by the Commission as Case No. 2008-00154,<sup>3</sup> Owen Electric proposed to change its current rate design based upon a cost-of-service study filed as a part of the application. Case No. 2008-00154 is still pending before the Commission and no ruling has been made on the proposed change in rate design.<sup>4</sup>

Owen Electric filed the application in the case at bar seeking authority to pass the amount of EKPC's wholesale rate increase through to its retail rates. Owen Electric states that its proposed pass-through rates were developed based upon the cost-of-service study and rate design proposed in Case No. 2008-00154. Owen Electric supports this approach, stating that the resulting rates will more appropriately match the cost of service than rates determined using the proportional method.<sup>5</sup>

On March 31, 2009, the Commission issued an Order in Case No. 2008-00409 authorizing a \$59.5 million annual increase in EKPC's wholesale rates effective for service rendered on and after April 1, 2009. According to Owen Electric, this will increase its wholesale power cost by \$6,462,157 annually.<sup>6</sup> To allow Owen Electric full recovery of this increase, its retail rate adjustment must be effective on the same day that EKPC's wholesale rates become effective.

Owen Electric provided to the Commission on March 31, 2009 supplemental information on the effects of the wholesale rate increase on its current rate design.

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<sup>3</sup> Case No. 2008-00154, Application of Owen Electric Cooperative, Inc. for Adjustment of Rates.

<sup>4</sup> A hearing was held in Case No. 2008-00154 on March 25, 2009, and the Commission is awaiting the receipt of post-hearing data responses and the parties' briefs. Once the record is complete, the matter will stand submitted for the Commission's decision.

<sup>5</sup> Application, Exhibit G, at 3.

<sup>6</sup> Response to Commission Staff's Second Data Request.

This information included a billing analysis and tariff sheets that reflect the increase allocated to each class and within each tariff on a proportional basis with the exception of Gallatin Steel Company.<sup>7</sup>

As discussed above, the Commission has not rendered its decision on the reasonableness of Owen Electric's proposed new rate design, as the record in Case No. 2008-00154 is not ripe for decision. Accordingly, the Commission cannot authorize the pass-through sought by Owen Electric based on the rate design proposed in that proceeding.

We have reviewed the supplemental information filed by Owen Electric and conclude that the tariffs contained therein include rates that will allow it to recover, on a proportional basis, the increase in its wholesale power cost resulting from the increase in EKPC's wholesale power rates. The Commission finds that Owen Electric should be authorized to pass through its increased power costs on a proportional basis until we render a final decision in Case No. 2008-00154 on Owen Electric's rate design proposal. The Commission also finds that the rates which pass through the increase on a proportional basis are reasonable and should be approved for service rendered by Owen Electric until further Order of this Commission.

IT IS THEREFORE ORDERED that:

1. The new rate design proposed in this proceeding is deferred and this case shall remain open until the Commission renders its final decision in Case No. 2008-00154 and orders this case closed and removed from the docket.

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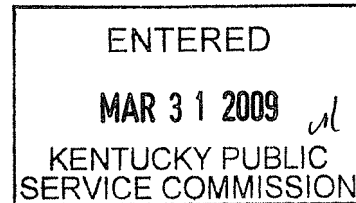
<sup>7</sup> Gallatin Steel Company's rate was set in the Settlement Agreement approved in EKPC's rate proceeding, Case No. 2008-00409.

2. Owen Electric is authorized to pass through its increased wholesale power costs on a proportional basis as discussed herein.

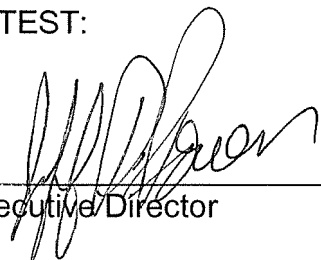
3. The rates set forth in the Appendix attached hereto are approved for service rendered on and after April 1, 2009.

4. Within 20 days of the date of this Order, Owen Electric shall file with the Commission its revised tariffs, setting out the rates approved herein and stating that they were approved pursuant to this Order.

By the Commission



ATTEST:

  
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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00421 DATED **MAR 31 2009**

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 the Commission prior to the effective date of this Order.

SCHEDULE I  
FARM AND HOME

Customer Charge per Month	\$	6.01
Energy Charge per kWh	\$	.08030

SCHEDULE I  
FARM AND HOME – OFF-PEAK MARKETING RATE

Energy Charge per kWh	\$	.04818
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SCHEDULE I  
SMALL COMMERCIAL

Customer Charge per Month	\$	6.01
Energy Charge per kWh	\$	.08031

SCHEDULE I – OLS  
OUTDOOR LIGHTING SERVICE

Monthly Rates:		
100 Watt High Pressure Sodium	\$	9.43
Cobrahead Lighting		
100 Watt High Pressure Sodium	\$	12.30
250 Watt High Pressure Sodium	\$	16.59
400 Watt High Pressure Sodium	\$	20.45
Directional Lighting		
100 Watt High Pressure Sodium	\$	11.51
250 Watt High Pressure Sodium	\$	14.01
400 Watt High Pressure Sodium	\$	17.61
Rate for One Additional Pole if Required	\$	5.00

SCHEDULE II – SOLS  
SPECIAL OUTDOOR LIGHTING SERVICE

Traditional Light with Fiberglass Pole	\$ 9.95
Holophane Light with Fiberglass Pole	\$ 11.84

SCHEDULE III – SOLS  
SPECIAL OUTDOOR LIGHTING SERVICE

Energy Rate for each type of light per kWh	\$ .055554
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SCHEDULE II  
LARGE POWER

Customer Charge per Month	\$ 21.85
Demand Charge per Month per kW	\$ 5.60
Energy Charge per kWh	\$ .05893

SCHEDULE III  
SECURITY LIGHTS

Flat rate per light per month as follows:

On Existing Pole where 120 Volts is available	\$ 5.87
One Pole Added	\$ 7.66
Two Poles Added	\$ 9.46
Three Poles Added	\$ 11.25
Four Poles Added	\$ 13.04
Transformer Required	\$ .53

SCHEDULE VIII  
LARGE INDUSTRIAL RATE – LPC1

Customer Charge per Month	\$ 1,560.64
Demand Charge per Month per kW - Contract	\$ 5.89
Energy Charge per kWh	
For all kWh, first 425 hrs per kW of billing demand	\$ .04505
For all kWh in excess of 425 hrs per kW of billing demand	\$ .04087

SCHEDULE IX  
LARGE INDUSTRIAL RATE – LPC2

Customer Charge per Month	\$ 3,215.75
Demand Charge per Month per kW - Contract	\$ 5.89
Energy Charge per kWh	
For all kWh, first 425 hrs per kW of billing demand	\$ .04080
For all kWh in excess of 425 hrs per kW of billing demand	\$ .03930

SCHEDULE X  
LARGE INDUSTRIAL RATE – LPC1-A

Customer Charge per Month	\$ 1,560.64
Demand Charge per Month per kW - Contract	\$ 5.89
Energy Charge per kWh	
For all kWh, first 425 hrs per kW of billing demand	\$ .04353
For all kWh in excess of 425 hrs per kW of billing demand	\$ .03875

SCHEDULE XI  
LARGE INDUSTRIAL RATE – LPB1

Customer Charge per Month	\$ 1,560.64
Demand Charge per Month per kW - Contract	\$ 5.89
Demand Charge per Month per kW - Excess	\$ 8.55
Energy Charge per kWh	
For all kWh, first 425 hrs per kW of billing demand	\$ .04505
For all kWh in excess of 425 hrs per kW of billing demand	\$ .04087

SCHEDULE XII  
LARGE INDUSTRIAL RATE – LPB1-A

Customer Charge per Month	\$ 1,560.64
Demand Charge per Month per kW - Contract	\$ 5.89
Demand Charge per Month per kW - Excess	\$ 8.55
Energy Charge per kWh	
For all kWh, first 425 hrs per kW of billing demand	\$ .04353
For all kWh in excess of 425 hrs per kW of billing demand	\$ .03875

SCHEDULE XIII  
LARGE INDUSTRIAL RATE – LPB2

Customer Charge per Month	\$ 3,215.75
Demand Charge per Month per kW - Contract	\$ 6.08
Demand Charge per Month per kW - Excess	\$ 8.81
Energy Charge per kWh	
For all kWh, first 425 hrs per kW of billing demand	\$ .04080
For all kWh in excess of 425 hrs per kW of billing demand	\$ .03930

SCHEDULE XIV  
LARGE INDUSTRIAL RATE – LPB

Customer Charge per Month	\$ 1,560.64
Demand Charge per Month per kW - Contract	\$ 5.89
Demand Charge per Month per kW - Excess	\$ 8.55
Energy Charge per kWh	\$ .04723

SCHEDULE 1B  
FARM AND HOME – TIME OF DAY

Customer Charge per Month	\$ 18.86
On-Peak Energy Charge per kWh	\$ .091549
Off-Peak Energy Charge per kWh	\$ .052494

SCHEDULE 1C  
SMALL COMMERCIAL – TIME OF DAY

Customer Charge per Month	\$ 25.14
On-Peak Energy Charge per kWh	\$ .088306
Off-Peak Energy Charge per kWh	\$ .052494

SCHEDULE 2A  
LARGE POWER -- TIME OF DAY

Customer Charge per Month	\$ 62.89
On-Peak Energy Charge per kWh	\$ .09216
Off-Peak Energy Charge per kWh	\$ .05708

SPECIAL CONTRACT – INDUSTRIAL CUSTOMER

On-Peak Energy Charge per kWh	\$ .036978
Off-Peak Energy Charge per kWh	\$ .033694
Demand Charge per Month per kW	
Firm kW Demand	\$ 6.63
10 Minute Interruptible kW	\$ 1.03
90 Minute Interruptible kW	\$ 2.43



INTERRUPTIBLE SERVICE CREDITS

10 Minute Notice

200 Hours of Interruption per Year	\$	4.20
300 Hours of Interruption per Year	\$	4.90
400 Hours of Interruption per Year	\$	5.60

60 Minute Notice

200 Hours of Interruption per Year	\$	3.50
300 Hours of Interruption per Year	\$	4.20
400 Hours of Interruption per Year	\$	4.90

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