

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FARMERS RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	CASE NO.
FOR A NEW COMMERCIAL TIME-OF-DAY)	2012-00108
TARIFF)	

O R D E R

On March 20, 2012, Farmers Rural Electric Cooperative Corporation ("Farmers") filed an application requesting approval of a new Schedule C--Time-of-Day Commercial Service ("Commercial TOD") tariff. The proposed rate is intended to provide members a choice in electric rates with the potential to reduce their electric bill by shifting some usage to lower-cost off-peak hours.

Farmers proposed an effective date of May 1, 2012 for its Commercial TOD tariff. Based on a review of Farmers' tariff, the Commission found that an investigation was necessary to determine its reasonableness. By Order issued March 29, 2012, the Commission suspended the proposed tariff, pursuant to KRS 278.190(2), for five months, up to and including August 19, 2012. The Commission Staff issued one request for information, and Farmers has filed its responses. The case now stands submitted for a decision.

DISCUSSION

Farmers plans to make its Commercial TOD rate available for commercial or non-residential loads of all uses, including lighting, heating, and power, not exceeding a total demand of 500 kW. The rate will be offered solely on a voluntary basis and will not

replace any tariff currently offered. Farmers intends to follow up its Commercial TOD rate with a filing to propose additional time-of-use rates later in 2012.

Farmers developed its Commercial TOD rate to be revenue neutral. As part of its application, Farmers provided the cost support used to develop the rates for its proposed Commercial TOD tariff. Using the billing determinates for customers with demands less than 500 kW that are served under Farmers' current Schedule C—Commercial and Industrial Service tariff, and establishing on-peak and off-peak energy usage based upon East Kentucky Power Cooperative, Inc.'s current on- and off-peak hours,¹ revenue from current rates was normalized, allowing time-of-day rates to be established.

The additional investment necessary to implement the Commercial TOD tariff is \$500.00 per participant, which is largely due to the cost of metering equipment required to record the usage during on-peak and off-peak periods. This investment is to be recovered through the customer charge component of the Commercial TOD rate, for which Farmers proposes an increase of \$8.33 per month for customers receiving either single-phase or three-phase service. The proposed monthly customer charge for single-phase service is \$19.75 and the proposed monthly customer charge for three-phase service is \$60.26.

¹ East Kentucky Power Cooperative, Inc.'s on-peak hours are: May – September 9:00 a.m. — 9:00 p.m. CST, October – April 6:00 a.m. – 11:00 a.m. CST, and 4:00 p.m. – 9:00 p.m. CST. All other hours are considered off-peak. During the period when Daylight Savings Time is normally observed, the on-Peak billing times will move forward one hour for the beginning and ending hours (i.e. May-September will be 10:00 a.m. to 10:00 p.m. CST).

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Farmers' request for approval of its Commercial TOD rate is reasonable and should be approved. The Commission encourages the development of cost-effective rates that promote energy efficiency and commends Farmers for its efforts. To properly monitor customer acceptance of this new tariff and its impact on load shifting, Farmers should annually file a summary of its Commercial TOD rate which includes: (1) the number of Commercial TOD participants at the end of the year; (2) the total kW usage and revenue for the Commercial TOD rate class for the year; (3) the number of kW/kWh used during peak hours and off-peak hours, and (4) the revenue that would have been generated by the Commercial TOD rate under rate Schedule C—Commercial and Industrial Service.

The Commission HEREBY ORDERS that:

1. Farmers' Commercial TOD tariff is approved as of the date of this Order.
2. Within ten days of the date of this Order, Farmers shall file a revised tariff for its Commercial TOD rate showing the date of this Order as its effective date and stating that it was issued by authority of this Order.
3. Commencing with the filing of its 2012 Annual Report and every year thereafter, Farmers shall file an annual status report of its Commercial TOD rate which includes: (1) the number of Commercial TOD participants at the end of the year; (2) the total kW usage and revenue for the Commercial TOD rate class for the year; (3) the number of kW/kWh used during peak hours and off-peak hours; and (4) the revenue that would have been generated by the Commercial TOD rate under rate Schedule C—Commercial and Industrial Service.

4. The annual status report shall reference this case number and shall be retained in Farmers' general correspondence file.

By the Commission

ENTERED *ps*
APR 27 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2012-00108

Woodford L Gardner, Jr.
Richardson Gardner & Alexander
117 East Washington Street
Glasgow, KENTUCKY 42141-269