

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

A meeting of the Public Service Commission was held on this day; present: Commissioners Cammack and McGregor.

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IN THE MATTER OF THE INVESTIGATION ON)
ACTION OF THE COMMISSION OF REASONABLE)
WHOLESALE RATES FOR ELECTRIC POWER TO)
BE FURNISHED RURAL COOPERATIVE ASSOCIA-)
TIONS,)

ADMINISTRATIVE ORDER NO. 22

NOTICE OF INVESTIGATION AND ORDER TO SHOW CAUSE

WHEREAS, The Public Service Commission is interested in the development of rural electrification to the end that the farmers of Kentucky may receive electric power and at the lowest possible rates consistent with adequate and continuous service; and

WHEREAS, The Congress of the United States of America has passed enabling legislation creating an agency known as the Rural Electrification Administration to aid electrification of farms by organized cooperative associations and loaning money to such associations at low interest rates for the purpose of constructing electric transmission lines to serve rural areas; and

WHEREAS, An economical source of power is of paramount importance to the success of the rural electrification program, especially in view of the policy of the Rural Electrification Administration to request its borrowers to purchase energy requirements from existing facilities, in so far as possible, so that available funds will be used for the most part to build transmission and distribution lines in rural areas; and

WHEREAS, Unless economical sources of wholesale power are available, substantial amounts of the available funds must be used to build new generating plants rather than distribution lines, thus denying service to some rural areas; and

WHEREAS, This Commission, to the full extent of its authority, desires to cooperate with the Rural Electrification Administration and Kentucky farm groups so as to insure the maximum developments of rural electrification in this State at the lowest possible rates.

NOW, THEREFORE, The several utilities of the State are hereby ordered to show cause why the essential elements of the following wholesale rates for power service to the rural non-profit cooperatives and organizations, for resale, should not be adopted.

WHOLESALE POWER SERVICE TO RURAL COOPERATIVE ASSOCIATIONS

(a) Availability:

Available for service to rural cooperative non-profit Associations, when taking their entire requirements from the company. This service classification shall apply separately to each point of delivery to be agreed upon in writing before commencement of service.

(b) Character of Service:

Alternating current, 60 cycle, voltage and phase to be those available on the company's existing system at the point of connection.

(c) Charge per Month:

Demand Charge

First 50 KW of maximum demand per month	\$1.25 per KW
Next 150 " " " " " " " "	1.00 " "
Over 200 " " " " " " " "	.75 " "

Energy Charge

First 50 hrs. use of maximum demand per month	1.00¢ per kWh
Excess " " " " " " " "	.75¢ " "

Minimum Charge

\$1.25 per KW of maximum 15 minute inter-rated demand per month for each point of delivery, but not less than 50 KW for each point of delivery. Except that the 50 KW minimum will not be effective for a period of twelve months after service is commenced.

(d) Power Factor Provision:

80% basis - use ratio of KW to KVA at time of monthly maximum demand.

(e) Determination of Demand:

Company's standard clause.

(f) Termination of Contract:

This contract shall be in force for a period of five years commencing on the date on which the company's lines are connected to the association's lines, and shall continue after the expiration of said five year period for yearly periods until cancelled by six months' written notice being given by one party to the other of its election to terminate this contract.

(g) Terms of Payment:

15 days - with usual penalty provisions.

(h) Special Conditions:

To be covered by special contract.

It is further ordered that a public hearing be held at the offices of the Commission in Frankfort, Kentucky, at 10:00 a.m. on April 6, 1937, at which the following utilities shall appear and show cause, if cause there be, why the essential features of the above schedule should not be ordered into effect for wholesale power service to rural non-profit cooperative associations organized to distribute energy at retail in rural areas:

Kentucky-Tennessee Light and Power Company

Kentucky Utilities Company

Kentucky Power and Light Company

Kentucky-West Virginia Power Company

Lexington Utilities Company

Louisville Gas and Electric Company

Union Light, Heat and Power Company

Dated at Frankfort, Kentucky, this 20th day of March, 1937.

Chas. J. White
Secretary.