

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JACKSON PURCHASE)	
ENERGY CORPORATON FOR APPROVAL OF)	CASE NO.
FLOW THROUGH RATES PURSUANT TO)	2011-00057
KRS 278.455)	

ORDER

On January 29, 2013, the Commission issued an Order in this proceeding authorizing Jackson Purchase Energy Corporation (“Jackson Purchase”) to pass on to its members a wholesale rate adjustment granted to Jackson Purchase’s wholesale supplier, Big Rivers Electric Corporation (“Big Rivers”), in Case No. 2011-00036.¹ On the same date, the Commission issued an Order in Case No. 2011-00036 (“Rehearing Order”) granting Big Rivers an additional annual increase of \$1,042,535. For the reasons set forth in the Rehearing Order, the Commission granted the additional increase effective for service rendered on and after September 1, 2011, the effective date of the initial increase granted Big Rivers.

In its Rehearing Order, the Commission approved Big Rivers’ methodology for recovering the difference between the revenue it collected under the rates in effect since September 1, 2011 and the revenue it would have collected had the rates approved in the Rehearing Order been in effect. In conjunction with this approval, the Commission ordered Big Rivers and Jackson Purchase to submit certain information to the Commission no later than February 8, 2013 indicating how the additional revenue

¹ Case No. 2011-00036, Application of Big Rivers Electric Corporation for a General Adjustment in Rates (Ky. PSC Jan. 29, 2013).

would be recovered from customers. The January 29, 2013 Order in this proceeding stated that, after verification of Jackson Purchase's calculations, the Commission would issue a final Order which would authorize both the amount Jackson Purchase is to collect from its customers and the length of time over which it would collect that amount.

On February 12, 2013,² Jackson Purchase submitted a filing which provided an amount that Jackson Purchase proposes to bill its customers rather than the amount allocated to it by Big Rivers related to the retroactive treatment of the additional increase. The amount provided by Jackson Purchase is \$396,504.49 consisting of \$396,484.08 for the non-direct served customers (those served under Big Rivers' Rural class) and \$20.41 for its direct served customer (served under Big Rivers' Large Industrial class). The amount provided in Big Rivers' February 8, 2013 filing in Case No. 2011-00036 shows that it will bill Jackson Purchase the following:

Big Rivers Rate Class	Amount
Rural	\$374,638.06
Large Industrial	\$20.41
	<u>\$374,658.47</u>

Big Rivers calculated the amount to be billed to each of its member cooperatives based on a retroactive period of September 1, 2011 through December 31, 2012.³ Jackson Purchase included the month of January 2013 in its calculation for the non-

² Jackson Purchase filed its response to the January 29, 2013 order as an electronic tariff filing in error on February 8, 2013. The information was subsequently filed in this proceeding on February 12, 2013.

³ The Commission issued its Rehearing Order on January 29, 2013. As this date was prior to the date Big Rivers issued bills to its member cooperatives for the month of January 2013, Big Rivers was able to bill for the month of January 2013 at the rates granted in the Rehearing Order.

direct served customers. Jackson Purchase explains in its filing that its cycle billing presents some complications in matching Big Rivers' calendar month billing and that, in order to have a fair and equitable charge, it proposes to prorate bills based on the rates in effect prior to the date of the Rehearing Order.

Jackson Purchase proposes to divide the total of \$396,484.08 for non-direct served customers by 282,873,594, the number of kWh sold to those customers from March 2012 through July 2012. This results in a factor of \$.0014016 per kWh, which Jackson Purchase proposes to bill starting in March 2013. Jackson Purchase did not provide details on applying the factor other than that it will monitor the over/under calculation and will make modifications to the kWh rate if it is indicated that a substantial over/under collection will result.

For its direct-served customer, Jackson Purchase proposes to bill the exact dollar amount that appears on the wholesale bill prepared by Big Rivers.

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. Jackson Purchase should be authorized to bill its customers only the amount billed to Jackson Purchase by Big Rivers for the retroactive treatment of the additional increase granted to Big Rivers in the Rehearing Order.

2. As the rates approved in the January 29, 2013 Order in this proceeding were approved effective September 1, 2011, Jackson Purchase should not prorate bills using the rates granted in the November 17, 2011 Order in this proceeding.

3. Based on the information filed by Jackson Purchase on February 12, 2013, Jackson Purchase should bill its non-direct served customers a billing factor of \$.001324 per kWh starting in March 2013.⁴

4. Jackson Purchase's billing factor should be applied in the same manner as that proposed by Kenegy Corp. and Meade County Rural Electric Cooperative Corporation as follows:

At the end of four months, any over or under recovery amount should be used to adjust the per kWh factor for the fifth month. If after the fifth month, the amount is less than one percent of the original amount, the recovery factor should terminate. Otherwise, a final charge or credit should be calculated for use in a sixth month based on the balance to be recovered or credited and the estimated kWh sales to be sold in the sixth month. The factor should terminate thereafter.

5. The amount submitted by Jackson Purchase to be billed to its direct-served customer and the time period over which the amount will be billed should be approved.

IT IS THEREFORE ORDERED that:

1. Jackson Purchase is authorized to bill its customers a total of \$374,658.47 as detailed in this Order.

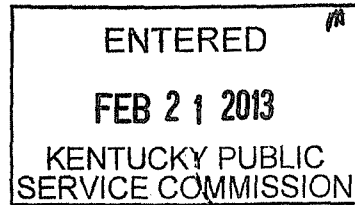
2. Jackson Purchase shall comply with the requirements contained in Finding Paragraphs 2, 3, and 4 as if same were individually so ordered.

3. Within 20 days of the date of this Order, Jackson Purchase shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff

⁴ The billing factor of \$.001324 is calculated by dividing \$374,638.06 (the amount allocated by Big Rivers for the Rural class to Jackson Purchase) by the 282,873,594 kWh Jackson Purchase had proposed in its calculation of a billing factor.

sheets setting forth the details of the billings approved in ordering paragraphs 1 and 2 above and reflecting their effective date and that they were authorized by this Order.

By the Commission



ATTEST:


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