

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF BLUE GRASS RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR )  
AN ORDER AUTHORIZING A PASS-THROUGH ) CASE NO. 7997  
OF EAST KENTUCKY POWER WHOLESALE )  
POWER RATE INCREASE IN CASE NO. 7981 )

O R D E R

On October 22, 1980, Blue Grass Rural Electric Cooperative Corporation (Applicant) filed its Application to flow-through any increase in rates granted its wholesale power supplier, East Kentucky Power Company, Inc. (East Kentucky) in Case No. 7981. Applicant is one of eighteen member distribution cooperatives of East Kentucky. In Case No. 7981, East Kentucky requested an increase in revenue of approximately \$25,631,320. Of this total increase, Applicant would experience an increase in power costs of approximately \$1,065,599. This increase represents 4.16% of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 18.69%.

The matter was scheduled for hearing on January 23, 1981, at the Commission's offices in Frankfort, Kentucky. The hearing was conducted as scheduled and the Consumer Protection Division of the Attorney General's office and Mabel Benge of Madison County, Kentucky, were the intervenors of record.

The matter, of the methodology for rate-making purposes, to process the increased power cost was discussed by Mr. L. Cole of Jackson County Rural Electric Cooperative Corporation in his testimony as spokesman for all eighteen (18) cooperatives and Mr. M. Kays in his testimony on behalf of the methodology of Grayson County Rural Electric Cooperative Corporation. The methodology most used by the applicants was the percentile method, whereby the increased

wholesale power cost is divided by the normalized test period revenue, then 100% is added to the quotient and multiplied by all the current rates. Another rate-making procedure, an energy adder charge to metered KWH sales, was also discussed. The energy adder charge procedure is the process whereby the increased wholesale power cost is divided by the metered KWH's and the quotient, being in dollars per KWH, is added to the metered KWH rates only.

The Commission after review of the evidence of record and being advised is of the opinion and so FINDS:

(1) That the actual increase granted East Kentucky in Case No. 7981 is \$25,631,320 which will result in an increase in power costs to Applicant of \$1,065,599.

(2) That Applicant is entitled to recover the increased wholesale power costs granted in Case No. 7981 and its financial condition would be materially impaired if it were not allowed to recover this additional cost.

(3) That the revised rates and charges set out in the attached Appendix "A" are designed to reflect only the increased power costs from East Kentucky, granted in the final order in Case No. 7981.

(4) That the flow-through of the wholesale power costs will not result in any additional net margin to Applicant.

(5) That the most equitable method for rate-making purposes is the energy adder charge, therefore, this is the rate-making procedure used to determine the final rates in this case.

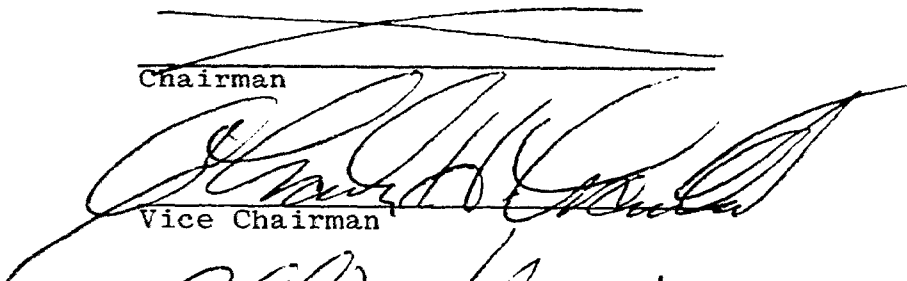
IT IS THEREFORE ORDERED, that Blue Grass Rural Electric Cooperative Corporation is hereby authorized to flow-through the increased power costs resulting from the rate increase granted its wholesale power supplier in Case No. 7981.

IT IS FURTHER ORDERED, that the rates set out in Appendix "A" shall be placed into effect simultaneously with the effective date of the East Kentucky wholesale power increase.

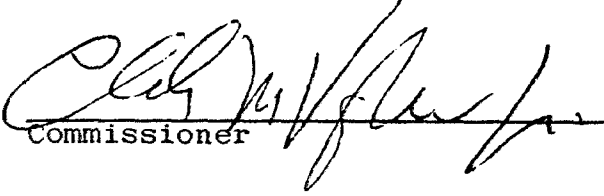
IT IS FURTHER ORDERED, that Blue Grass Rural Electric Cooperative Corporation shall file within twenty (20) days from the date of this Order its revised tariff sheets setting out the rates and charges approved herein.

Done at Frankfort, Kentucky, this the 26th day of February, 1981.

ENERGY REGULATORY COMMISSION

  
Chairman

Vice Chairman

  
Commissioner

ATTEST:

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Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE KENTUCKY ENERGY  
REGULATORY COMMISSION IN CASE NO. 7997  
DATED FEBRUARY 26, 1981.

The following rates and charges are prescribed for the customers in the area served by Blue Grass Rural Electric Cooperative Corporation. 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 date of this Order.

SCHEDULE GS-1  
GENERAL SERVICE\*

Rate

First	30 KWH (Minimum)	\$4.82
Next	50 KWH	.09903 Per KWH
Next	20 KWH	.06618 Per KWH
Next	100 KWH	.05052 Per KWH
Next	600 KWH	.04655 Per KWH
Next	1,200 KWH	.04398 Per KWH
All Over	2,000 KWH	.04010 Per KWH

Minimum Charges

The minimum monthly charge under the above rate shall be \$4.82. Payment of the minimum charge shall entitle the consumer in all cases to the use of the number of kilowatt-hours corresponding to the minimum charge in accordance with the foregoing rate.

SCHEDULE C-1  
COMMERCIAL AND INDUSTRIAL LIGHTING & POWER SERVICE\*

Rate

Demand Charge

First 10 KW of Billing Demand	No Charge
Over 10 KW of Billing Demand Per KW	\$3.64

Energy Charge (Under 50 KW)

First 30 KWH (Minimum)	\$4.87
Next 50 KWH	.09051 Per KWH
Next 920 KWH	.05687 Per KWH
Next 2,000 KWH	.05183 Per KWH
Over 3,000 KWH	.04316 Per KWH

Minimum Charges

The minimum monthly charge under the above rate shall be \$4.87 where 5 kva or less of transformer capacity is required.

SCHEDULE LP-1  
LARGE POWER (51 - 500 KW)\*

Rate

Maximum Demand Charge

\$3.64 per month per KW of Billing Demand

Energy Charge (51-500 KW)

First	10,000 KWH	\$ .04511 Per KWH
Next	15,000 KWH	.03841 Per KWH
Next	50,000 KWH	.03281 Per KWH
Next	75,000 KWH	.03052 Per KWH
All Over	150,000 KWH	.02881 Per KWH

SCHEDULE LP-2  
LARGE POWER (OVER 500 KW)\*

Rate

Maximum Demand Charge

\$3.64 per month per KW of Billing Demand

Energy Charge (Over 500 KW)

First	3,500 KWH	\$0.04548 Per KWH
Next	6,500 KWH	.03648 Per KWH
Next	140,000 KWH	.03088 Per KWH
Next	200,000 KWH	.02918 Per KWH
Next	400,000 KWH	.02818 Per KWH
Next	550,000 KWH	.02718 Per KWH
All Over	1,300,000 KWH	.02568 Per KWH

SCHEDULE - SECURITY LIGHTS\*

Rate Per Light Per Month:

175 Watt	-	\$4.24 Per Light
400 Watt	-	\$6.36 Per Light

SCHEDULE - STREET LIGHTING\*

Rate Per Light Per Month:

4,000 Lumen Incandescent (Ornamental)	\$4.24 Per Lamp
6,000 Lumen Incandescent (Ornamental)	5.48 Per Lamp
175 Watt Mercury Vapor (Standard)	4.24 Per Lamp
400 Watt Mercury Vapor (Standard)	6.36 Per Lamp
150 Watt High Pressure Sodium-Standard	4.24 Per Lamp

\*Fuel Adjustment Clause:

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all other applicable provisions as set out in 807 KAR 50:075.