

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF NOLIN RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AN ORDER)
AUTHORIZING A PASS-THROUGH OF EAST) CASE NO. 8007
KENTUCKY POWER WHOLESALE POWER RATE)
INCREASE IN CASE NO. 7981)

O R D E R

On October 30, 1980, Nolin 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 \$1,569,619. This increase represents 6.11% of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 19.45%.

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 was the only intervenor present.

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 \$1,569,619.

(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 Nolin 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 Nolin 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:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE KENTUCKY ENERGY
REGULATORY COMMISSION IN CASE NO. 8007
DATED FEBRUARY 26, 1981.

The following rates and charges are prescribed for the customers in the area served by Nolin Rural Electric Cooperative Corporation, effective March 1, 1981 and supercede the rates established in Case No. 7951. 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 1
RESIDENTIAL, FARM, NON-FARM, TRAILERS AND MOBILE HOMES*

Rates:

First	40 KWH Per Month or Less	\$6.27 (Minimum Bill)
Next	60 KWH Per Month	.10089 Net Per KWH
Over	100 KWH Per Month	.04390 Net Per KWH

Minimum Charge:

The minimum monthly charge for single phase service shall be \$6.27.

SCHEDULE 2
COMMERCIAL, SMALL POWER, SINGLE PHASE AND THREE PHASE SERVICE*

Rates:

First	40 KWH Per Month or Less	\$6.27 (Minimum Bill)
Next	60 KWH Per Month	.10089 Net Per KWH
Next	2,900 KWH Per Month	.05710 Net Per KWH
Over	3,000 KWH Per Month	.04598 Net Per KWH

Minimum Charge:

The minimum monthly charge for single phase service shall be \$6.27.

SCHEDULE 3
LARGE POWER*

Rates:

Demand Charge

\$3.14 Per Kilowatt of Billing Demand Per Month

Energy Charge

First	2,500 KWH Per Month	\$.04637 Net Per KWH
Next	12,500 KWH Per Month	.04180 Net Per KWH
Over	15,000 KWH Per Month	.04043 Net Per KWH

SCHEDULE 4
INDUSTRIAL*

Rates:

Demand Charge

\$3.14 Per Kilowatt of Billing Demand Per Month

Energy Charge

First	3,500 KWH Per Month	\$.05127 Net Per KWH
Next	6,500 KWH Per Month	.03814 Net Per KWH
Over	10,000 KWH Per Month	.03472 Net Per KWH

SCHEDULE 5
RURAL LIGHT

Applicable: Entire Service Area*

Rates:

Service for the above unit shall be unmetered and billed on the consumers monthly bill for other electrical service furnished by the Cooperative, at the rate of \$5.57 each and every month for each lighting fixture contracted for by the consumer.

SCHEDULE 6

Rates:

<u>Mercury Vapor Series or Multiple</u>	<u>KWH/Light</u>	
Standard Overhead		
7,000 Initial Lumens	75	\$2.55 Per Light Per Month
20,000 Initial Lumens	170	8.09 Per Light Per Month
Ornamental Service		
7,000 Initial Lumens	75	\$3.70 Per Light Per Month
20,000 Initial Lumens	170	9.49 Per Light Per Month

*Fuel Adjustment Clause:

The above rate 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.