

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR)
AN ORDER AUTHORIZING A PASS-THROUGH OF) CASE NO. 8011
EAST KENTUCKY POWER WHOLESALE POWER)
RATE INCREASE IN CASE NO. 7981)

O R D E R

On October 31, 1980, South Kentucky 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 \$2,788,313. This increase represents 10.88% of the proposed East Kentucky increase and would result in an overall increase to Applicant's consumers of 18.06%.

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 \$2,788,313.

(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 South Kentucky 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.

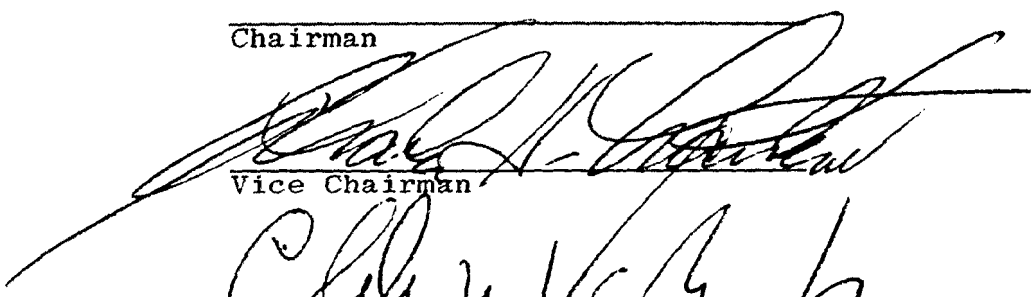
IT IS FURTHER ORDERED, that the rates set out in Appendix "A" shall be placed into effect simultaneously with the effective date of the East Kentucky wholesale power increase.

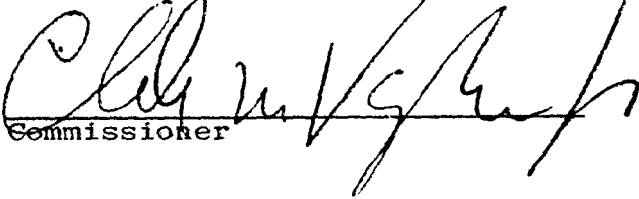
IT IS FURTHER ORDERED, that South Kentucky Rural Electric Cooperative Corporation shall file within twenty (20) days from the date of this Order its revised tariff sheets setting out the rates and charges approved herein.

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. 8011
DATED FEBRUARY 26, 1981.

The following rates and charges are prescribed for the customers in the area served by South Kentucky 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 A
RESIDENTIAL, FARM AND NON-FARM SERVICE*

Rates:

First	30 KWH Per Month or Less (Minimum Bill)	\$4.93	
Next	70 KWH Per Month	.06372	Per KWH
Next	900 KWH Per Month	.04632	Per KWH
Over	1,000 KWH Per Month	.03952	Per KWH

SCHEDULE B
SMALL COMMERCIAL RATE*

Rates:

Demand Charge

First	10 KW of Billing Demand Per Month	No Charge
Excess above	10 KW of Billing Demand Per Month	\$3.16 Per KWH

Plus Energy Charge

First	30 KWH Per Month or Less (Minimum Bill)	\$4.93
Next	70 KWH Per Month	.06282 Per KWH
Next	900 KWH Per Month	.05162 Per KWH
Over	1,000 KWH Per Month	.04822 Per KWH

SCHEDULE LP
LARGE POWER RATE*

Rates:

Demand Charge

\$3.16 Per Month Per KW of Billing Demand

Plus Energy Charge

First	3,500 KWH Per Month	\$.04222 Per KWH
Next	6,500 KWH Per Month	.03742 Per KWH
Next	140,000 KWH Per Month	.03442 Per KWH
Next	150,000 KWH Per Month	.03432 Per KWH
Next	700,000 KWH Per Month	.03422 Per KWH
Over	1,000,000 KWH Per Month	.03412 Per KWH

SCHEDULE OPS
OPTIONAL POWER SERVICE*

Rates:

First 1,000 KWH Per Month	\$.07282 Per KWH
Over 1,000 KWH Per Month	.04942 Per KWH

SCHEDULE STL
STREET LIGHTING SERVICE*

Rate:;

Mercury Vapor Bulbs

Up to and including 175 watts (74 KWH/Light) \$3.21

Excess of 175 Watts up to and including
400 Watts (162 KWH/Light) \$5.38

Sodium Bulbs

Up to and including 150 Watts (63 KWH/Light) \$4.32

Excess of 150 Watts up to and including
360 Watts (135 KWH/Light) \$6.25

SCHEDULE OL
OUTDOOR LIGHTING SERVICE - SECURITY LIGHTS*

Rates:

175 Watt Mercury Vapor - Metered \$3.27

175 Watt Mercury Vapor - Unmetered
(74 KWH/Light) \$4.74

*Fuel Adjustment

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.