

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE NOTICE OF EAST KENTUCKY POWER)
COOPERATIVE, INC. OF A REVISION TO) CASE NO. 8948
ITS WHOLESALE ELECTRIC POWER TARIFF)

O R D E R

On December 8, 1983, East Kentucky Power Cooperative, Inc., ("East Kentucky") provided notice to the Public Service Commission of Kentucky ("Commission") of its intent to revise its wholesale electric power tariff to its 18 member distribution cooperatives effective January 1, 1984. East Kentucky proposed to base its calculation of the monthly demand charge on the highest average kw usage during defined peak demand periods.

The Commission, on December 31, 1983, suspended East Kentucky's proposed Time-of-Day ("TOD") tariff for 5 months. It further ordered that the 18 member distribution cooperatives be made a party to the case and required the member distribution cooperatives to provide public notice of the proposed tariff revision within 60 days of the issuance of the December 31, 1983, Order.

East Kentucky contends that the cooperative system would derive a number of benefits from the tariff revision. East Kentucky stated in its application that,

The proposed change in kw billing would result in improved daily, monthly and annual load factors by providing a more direct price signal to our member cooperatives.

Furthermore, the proposed revision would not increase the cost of power to any member cooperative nor should it affect revenue in any significant amount according to East Kentucky.

It is the opinion of the Commission that East Kentucky and its member distribution cooperatives have complied with the Commission's public notice requirement. Furthermore, since no party has requested intervenor status, the Commission has determined that a public hearing will not be necessary in this matter. The minimal revenue impact on East Kentucky is offset by the potential of the TOD tariff to improve load factors. Therefore, the Commission finds that the proposed TOD tariff revision is appropriate for adoption. However, the Commission is concerned with the manner in which East Kentucky's member cooperatives intend to reflect the wholesale rate change in their retail rate structure. It is apparent from the response to the January 25, 1984, data request that there is not a system-wide plan for implementing these TOD wholesale rate changes. The Commission intends to closely monitor any TOD retail rates for the distribution cooperatives to insure that its objectives in rate-making are complied with.

IT IS THEREFORE ORDERED that East Kentucky's proposed revision of Sheet No. 2 of its wholesale electric power tariff be and it hereby is approved, effective April 1, 1984.

IT IS FURTHER ORDERED that, within 30 days of the date of this Order, East Kentucky shall file its revised tariff sheets setting out the changes approved herein.

Done at Frankfort, Kentucky, this 30th day of March, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary