

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT OF BIG SANDY)
RURAL ELECTRIC COOPERATIVE) CASE NO. 8993
CORPORATION)

O R D E R

On September 20, 1984, the Commission issued an Order approving a rate increase and setting rates for Big Sandy Rural Electric Cooperative Corporation ("Big Sandy"). Big Sandy requested and the Commission approved the transfer of a group of small commercial customers that were incorrectly classified in Rate A-1, Farm and Home, to Rate A-2, Small Commercial. Also approved was a new rate design for Rate A-2 which instituted a demand charge, lowered the energy charge, and kept the same customer charge.

On October 10, 1984, Big Sandy entered a motion to amend the September 20, 1984, Order issued by the Commission. Big Sandy requested that they be allowed to charge all small commercial customers the rates under the previous A-2 Rate Schedule approved in Case No. 8594, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Big Sandy Rural Electric Cooperative Corporation from November 1, 1980, to October 21, 1982, dated June 3, 1983. As grounds for this motion Big Sandy stated that it would be approximately 4 months before

demand meters could be installed. These meters are necessary to charge the new A-2 rates.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

1. Under Big Sandy's proposal, Big Sandy would collect approximately \$6,700 more revenue over a 4-month period than was allowed the Rate A-2 class in this rate case.

2. The rates that Big Sandy proposes to charge are no longer approved rates and would require the issuance of a temporary tariff.

3. Big Sandy made no mention of this possible delay during the processing of the case. The Commission is of the opinion that Big Sandy should not profit from its negligence of not bringing this fact forward in time to allow for the proper rate-making treatment to be applied during the rate case proceeding. Therefore, Big Sandy's proposal of billing all small commercial customers under the previous A-2 Rate Schedule should be denied.

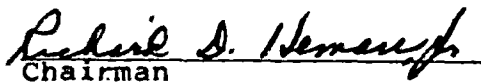
4. The Commission is of the opinion that an appropriate alternative to the method proposed by Big Sandy is to bill all small commercial customers under the present Rate A-1 tariff for a 4-month period or until the demand meters are installed, whichever is first. The revenue effect over a 4-month period will be a \$5,300 deficiency in the revenue approved to be collected from this class of customers. This approach would eliminate the requirement for a temporary tariff to be issued and is considered to be fair, just and reasonable under the present circumstances by this Commission.

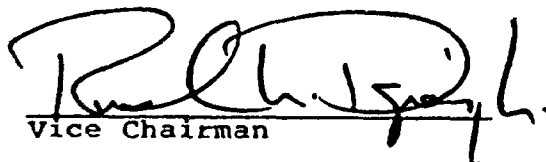
It IS THEREFORE ORDERED that the methodology proposed by Big Sandy be and it hereby is denied.

IT IS FURTHER ORDERED that for a period of 4 months or until Big Sandy has installed demand meters for all of its small commercial customers, whichever is first, all small commercial customers shall be billed under the Rate A-1 tariff.

Done at Frankfort, Kentucky, this 18th day of October, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary