

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EAST KENTUCKY UTILITIES, INC.,)
TARIFF FILING OF REVISED)
RULES AND REGULATIONS) CASE NO. 9771

O R D E R

On November 11, 1986, East Kentucky Utilities, Inc., ("East Kentucky") filed revised rules and regulations with the Commission wherein it proposed to establish the following non-recurring charges:

	<u>Proposed Rate</u>
Returned Check Charge	\$20
Connection Charge for Mobile Trailers	\$75
Connection Charge for Mobile Trailers with Equipment Already in Place	\$25
Reconnection Charge for Disconnection of Less than 12 Months	\$50

Pursuant to 807 KAR 5:011, Section 10, the following information must be submitted to the Commission to establish non-recurring charges outside a general rate case:

Section 10, Non-Recurring Charges:

(1) Each requested rate revision must be accompanied by:

(a) A specific cost justification for the proposed rates and a full description of the equipment or service provided under tariff (807 KAR 5:001, Section 6(2)(c)). The proposed rates should at least cover incremental costs and a reasonable

contribution to overhead. Incremental costs are defined as those costs which would be specifically incurred in the provision of this service.

(b) A copy of the public notice of each requested rate revision and verification that it has been made pursuant to Section 8 of this regulation. In addition to the notice requirements contained in Section 8 of this regulation, the utility shall also mail a copy of its filing to the Attorney General's Consumer Protection Division. The Attorney General will then have ten (10) days to notify the Commission in writing if it requests a hearing in a particular case.

(c) A detailed statement explaining why the proposed changes could not have been included in the most previous general rate case and why current conditions prevent deferring the proposed changes until the next general rate request.

(d) An impact statement identifying the group of customers affected by the proposed tariff. The impact statement shall identify potential as well as existing customers.

(e) A copy of the utility's income statement and balance sheet for a recent twelve (12) month period.

(2) If the additional revenue to be generated from the proposed tariff revisions exceeds by five (5) percent the total revenues provided by all miscellaneous and non-recurring charges for a recent twelve (12) month period, the utility must file, in addition to the information set out in Subsection (1)(a) of this Section, the following: An absorption test showing that the additional net income generated by the tariff filing will not result in an increase in the rate of return (or other applicable valuation methods) to a level greater than that which was allowed in the most recent rate case. Any general rate increases received during the twelve (12) month period must be annualized. Any significant cost changes may be included but must be documented as part of the filing.

The Commission is of the opinion and finds that further investigation and possible hearing will be necessary to determine the reasonableness of the proposed charges mentioned herein.

However, investigation and hearing cannot be completed prior to the effective date.

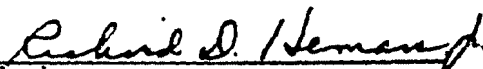
IT IS THEREFORE ORDERED that:

(1) The proposed charges be and they hereby are suspended for 5 months from the effective date of December 11, 1986.

(2) Within 30 days from the date of this Order East Kentucky shall file with this Commission all information as herein prescribed in compliance with 807 KAR 5:011.

Done at Frankfort, Kentucky, this 12th day of December, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director