

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE AND APPLICATION OF JACKSON PURCHASE)
ELECTRIC COOPERATIVE CORPORATION FOR)
PERMISSION TO FLOW THROUGH A WHOLESALE RATE) CASE NO.
INCREASE FILED BEFORE THE KENTUCKY PUBLIC) 9614
SERVICE COMMISSION BY BIG RIVERS ELECTRIC)
CORPORATION, DOCKET NO. 9613)

O R D E R

On August 7, 1986, Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") filed an application to flow through any increase in rates granted its wholesale power supplier, Big Rivers Electric Corporation ("Big Rivers") in Case No. 9613, Big Rivers Electric Corporation's Notice of Changes in Rates and Tariffs for Wholesale Electric Service and of a Financial Workout Plan. Jackson Purchase did not request the approval of any additional revenues or margins in its flow-through application.

Jackson Purchase is one of four member-distribution cooperatives of Big Rivers. Based on the rates proposed by Big Rivers in Case No. 9613, Jackson Purchase requested an increase of \$2,642,385. The proposed increase would result in an overall increase of approximately 13.7 percent to Jackson Purchase's consumers.

The matter was scheduled for hearing on January 12, 1987, at the Commission's offices in Frankfort, Kentucky. The hearing was

conducted as scheduled and the Utility and Rate Intervention Division of the Attorney General's Office participated as an intervenor.

In its application to flow through proposed wholesale rates, Jackson Purchase has requested a change to applicability and availability under its present Schedule R to allow single-phase service with installed transformer capacity of 50 KVA or less. Presently, Schedule R is limited to a maximum of 25 KVA. Jackson Purchase has experienced some difficulty in a few cases where residential customers have been transferred to Schedule D due to the demand charge contained in that rate. This change would currently reclassify 10 customers. A test-year billing analysis was submitted showing a reduction in revenue of \$7,858.37 due to reclassification. Jackson Purchase proposes to absorb this loss of revenue.

On September 17, 1986, Jackson Purchase was ordered to file information supporting the position that it should not have to absorb any of the purchased power cost increase from Big Rivers. The information filed was reviewed and adjusted in accordance with regular Commission rate-making practices. Under the assumption of a 2.0X TIER, Jackson Purchase could absorb \$115,724 of the increase. Under the assumption of a 2.25X TIER, which was authorized in its last general rate case, Jackson Purchase would not be able to absorb any of the increase. Moreover, the issue of absorption is moot since Big Rivers had not been granted an increase in Case No. 9613.

SUMMARY

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The proposed increase by Big Rivers in Case No. 9613 was denied which will result in no increase in purchased power costs to Jackson Purchase.

2. The issue of whether Jackson Purchase should be allowed to flow through any increase in its wholesale purchased power cost allowed in Case No. 9613 is moot.

3. Jackson Purchase's proposed change to applicability and availability of its rate schedules is in the best interest of its ratepayers and should be approved.

IT IS THEREFORE ORDERED that:

1. The application by Jackson Purchase to flow through any increase in wholesale purchased power costs be and it hereby is denied.

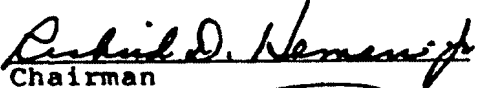
2. The revised language for the applicability and availability clauses set forth in Appendix A, be and it hereby is approved for service rendered by Jackson Purchase on and after the date of this Order.


3. The rates currently being charged by Jackson Purchase shall remain in effect, except for those rates affected by ordering paragraph 2.

4. Within 30 days from the date of this Order Jackson Purchase shall file with this Commission its revised tariff sheets setting out the changes approved herein.

Done at Frankfort, Kentucky, this 17th day of March, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9614 DATED 3/17/87

The following rates and charges are prescribed for the customers in the area served by Jackson Purchase 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 effective date of this Order.

Rates: Monthly

Schedule R - Residential

Applicability

Applicable to consumers with installed transformer capacity of 50 KVA or less, subject to the establishing rules of the seller.

Availability

Available to all residential consumers for use in the home and on the farm, and also available to small schools, small churches, small public buildings and small community halls requiring 50 KVA or less capacity.

Schedule D - Commercial and industrial, single and three-phase systems - over 25 KVA, single-phase residential over 50 KVA.

Availability

Available for commercial and industrial and all other three-phase service regardless of classification where installed transformer capacity is over 25 KVA, and for all single-phase residential service where installed transformer capacity is greater than 50 KVA for all uses subject to the established rules and regulations of the seller.

Determination of Billing Demand:

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of thirty (30) minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor. Demand charge will be adjusted for consumers with 50 KW or more of measured demand to correct for average power factors lower than ninety percent (90%) and may be so adjusted for other consumers if and when the seller deems necessary. Such adjustments will be made by increasing the measured demand one percent (1%) for each one percent (1%) by which the average power factor is less than ninety percent (90%) lagging.

Minimum Monthly Charge:

The minimum monthly charge under the above rate shall be \$15.00 or \$0.75 for each KVA of transformer capacity or fraction thereof required, whichever is greater. Where it is necessary to extend or reinforce existing distribution facilities, the minimum monthly charge may be increased to assure adequate compensation for the added facilities.

Schedule ND - Commercial and industrial and all other three-phase service 25 KVA or less, residential service 50 KVA or less.

Availability:

Available for commercial and industrial and all other three-phase service regardless of classification where the installed transformers capacity is 25 KVA or less, and for three-phase residential service where the installed transformer capacity is 50 KVA or less for all uses subject to the established rules and regulations of the seller.