

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR AN ORDER AUTHORIZING AN) CASE NO. 9962
ADDITIONAL LARGE POWER RATE)
TARIFF)

O R D E R

On May 15, 1986, East Kentucky Power Cooperative, Inc., ("EKPC") filed two optional schedules to its wholesale tariff, Schedule B and Schedule C, in Case No. 9582, The Notice of East Kentucky Power Cooperative, Inc., of a Revision to its Wholesale Electric Power Tariff. On September 19, 1986, the Commission ordered that the amended Schedule C was reasonable and just and was accepted. In the October 16, 1986, Order, the Commission stated that:

Of the three distribution cooperatives which have already filed retail tariffs to pass through EKPC's wholesale rates, two have followed the advice and one has not. The one which has not followed the advice instead proposed a retail tariff so as to maintain a neutral effect on its net income. Thus, the Cooperative is not adversely affected by this proposal. The Commission prefers this methodology which maintains the same net income for member cooperatives.

On July 13, 1987, Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") filed its application to establish additional Large Power Rate Tariff Schedules IND1 and IND2 for qualifying consumers. The purpose of the proposed new tariffs is

to provide equitable rates for prospective future industrial customers locating within the applicant's service area and to provide a degree of uniformity of industrial rates within the 18-member EKPC service area. The proposed retail rate has been developed based upon wholesale rates that have been filed with the Commission by EKPC in Case No. 9582. Currently, none of EKPC's existing customers would qualify for the proposed new rate schedules. Schedule IND1 is available to contracts with a monthly demand of 1000 Kw or greater and Schedule IND2 is available to contracts with a monthly demand of 5,000 Kw or greater. Schedule IND1 rates track EKPC Wholesale Rate Schedule C with a \$150 customer charge and an 8 mill adder to the energy charge. Schedule IND2 rates track EKPC's Wholesale Rate Schedule C with a \$1,069 customer charge and a 3 mil adder to the energy charge.

The Commission, having considered the evidence of record and being advised, finds that:

1. Big Sandy has no existing customers that qualify for proposed Schedules IND1 and IND2. These schedules pass through EKPC's Wholesale Rate Schedule C. The proposed schedules are reasonable and just and should be accepted.

2. Acceptance of Schedules IND1 and IND2 is a departure from the Commission's traditional rate-making objectives. Thus, Big Sandy should provide in October 1987 a report to the Commission which lists the customers served through Schedules IND1 or IND2, identifies whether they are existing, expanding or new customers, and estimates the effects on Big Sandy's revenue and net income.

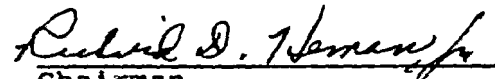
IT IS THEREFORE ORDERED that:

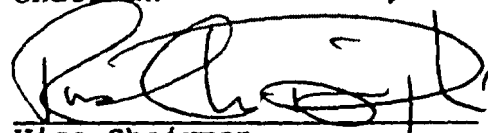
1. Big Sandy's Rate Schedules IND1 and IND2 have been found to be reasonable and just and are accepted. Big Sandy shall file with the Commission a signed copy of Schedules IND1 and IND2 within 20 days of the date of this Order.

2. Big Sandy shall file with the Commission in October 1987 a report which provides update on the implementation of Schedules IND1 and IND2.

Done at Frankfort, Kentucky, this 6th day of August, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director