

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF CUMBERLAND VALLEY)
RURAL ELECTRIC COOPERATIVE) CASE NO. 89-265
CORPORATION'S REVISION TO ITS)
ELECTRIC POWER TARIFF)

O R D E R

On September 22, 1989, Cumberland Valley Rural Electric Cooperative Corporation ("Cumberland Valley") filed an application seeking approval of proposed industrial tariffs for customers with contract demands of 1,000 KW or greater. Proposed Schedules V-A (Large Power - Industrial) and V (Large Power Rate - 1,000 KW to 2,500 KW) were designed to pass through East Kentucky Power Cooperative's ("EKPC") Wholesale Power Rate Schedule Section B.

EKPC's Wholesale Section B provides for a demand premium to be charged on all KW of billing demand in excess of a contract demand. This demand premium is equal to \$7.82 per KW of excess demand, as opposed to a demand charge of \$5.39 per KW of contract demand. Cumberland Valley developed retail energy rates for the proposed tariffs that will produce gross margins (revenue minus wholesale power costs) that are equivalent to those produced under current rates.

Cumberland Valley has demonstrated that its wholesale power costs can be reduced by developing retail industrial rates designed on the basis of EKPC' Wholesale Section B. Furthermore,

the savings in wholesale power costs would be passed on to the retail industrial customer through rates that are lower than current rates. Since Cumberland Valley's gross margins for the new rates are to be the same as under current rates, these new rates could help those consumers willing to contract for the rates, while having a neutral impact upon all other customers.

The Commission, having considered the evidence of record and being sufficiently advised, finds that Cumberland Valley's proposed large power rates are consistent with EKPC's approved Wholesale Power Rate Schedule Section B and should be approved.

IT IS THEREFORE ORDERED that:

1. Cumberland Valley's Schedules V-A (Large Power - Industrial) and V (Large Power Rate - 1,000 KW to 2,500 KW), as filed on September 22, 1989, shall be and hereby are approved.


2. Within 20 days from the date of this Order, Cumberland Valley shall file with this Commission signed copies of the approved tariffs.

Done at Frankfort, Kentucky, this 13th day of October, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director