

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF NOLIN RURAL ELECTRIC)	
COOPERATIVE CORPORATION'S REVISION)	CASE NO. 90-064
TO ITS ELECTRIC TARIFFS)	

O R D E R

Nolin Rural Electric Cooperative Corporation ("Nolin") filed an application on April 23, 1990 requesting an adjustment of rates to decrease its annual operating revenues by \$576,497. Nolin is a consumer-owned rural electric cooperative engaged in the distribution sale of electric energy to approximately 20,049 customers in Breckinridge, Bullitt, Grayson, Green, Hardin, Hart, Larue, Meade, and Taylor counties.

No requests for formal intervention were received, and a hearing was scheduled for October 19, 1990. Members of the Commission's Staff filed testimony on July 27, 1990, and a settlement conference was held on September 18, 1990. As a result of the negotiations between Nolin and the Staff, a proposed settlement was reached. The settlement consists of a Settlement Agreement dated October 11, 1990, attached hereto as Appendix A. The Settlement Agreement provides that Nolin will be allowed a decrease in annual operating revenues of \$776,000. Revenue requirements will be based on a 2.5 Times Interest Earned Ratio ("TIER") with all total margins in excess of a 1.5 TIER being used by Nolin to rotate capital credits to its members. The Settlement

Agreement further provides that the capital credits scheduled to be paid in the fall of 1990 will be paid to the members with one half of the capital credits being paid in 1990, at least one fourth paid in 1991, together with the regular retirement of capital credits for that year, and the balance paid in 1992, together with the regular retirement of capital credits for that year.

After careful review of the proposed Settlement Agreement, the Commission finds that the Settlement Agreement strikes a reasonable compromise between the positions advocated by Nolin and the Staff. The Settlement Agreement will result in rates that are fair, just, and reasonable. The Settlement Agreement is in the public interest and should be accepted for rate-making purposes.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, attached as Appendix A, be and it hereby is incorporated into this Order as if fully set forth herein.

2. The terms and conditions set forth in the Settlement Agreement be and they hereby are adopted and approved.

3. The rates set forth in Appendix B to this Order, attached hereto and incorporated herein, be and they hereby are approved for service rendered on and after November 1, 1990.

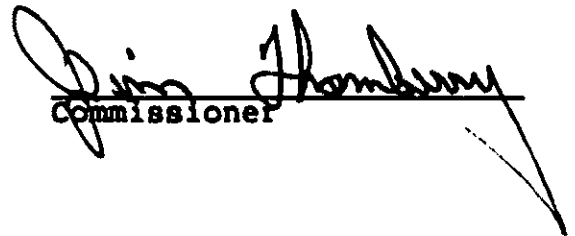
4. Nolin shall file new tariffs setting forth the rates contained in Appendix B within 30 days from the date of this Order.

Done at Frankfort, Kentucky, this 31st day of October, 1990.

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. 90-064 DATED October 31, 1990.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NOLIN RURAL)
ELECTRIC COOPERATIVE CORPORATION)
OF ELIZABETHTOWN, KENTUCKY FOR AN) CASE NO. 90-064
ORDER AUTHORIZING AN ADJUSTMENT IN)
ITS RETAIL RATES APPLICABLE TO ALL)
CONSUMERS)

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this
11th day of ^{October}~~September~~, 1990, by and between Nolin Rural
Electric Cooperative Corporation ("Nolin") of Elizabethtown,
Kentucky, and the Staff of the Public Service Commission
("PSC Staff").

WHEREAS, Nolin filed an application with the Public
Service Commission on April 23, 1990 seeking authorization to
decrease its operating revenues by \$576,000.00; and

WHEREAS, PSC Staff filed testimony on July 27, 1990
recommending that Nolin's operating revenues be decreased by
\$1,068,000; and

WHEREAS, Nolin has requested that its revenue
requirements be calculated on the basis of a 2.5 Times
Interest Earned ("TIER") level (as hereinafter used in this
Settlement Agreement, TIER is calculated by excluding
Generating and Transmission Capital Credits);

WHEREAS, Nolin and PSC Staff met on September 18, 1990
to discuss their respective recommendations on revenue
requirements and an appropriate TIER level;

NOW THEREFORE, be it resolved that:

1. Nolin and PSC Staff mutually agree that all outstanding issues raised in their respective application and testimonies in this proceeding shall be resolved by this Settlement Agreement.

2. Nolin shall be authorized to decrease its operating revenues by \$776,000.00 annually upon written acceptance of this Settlement Agreement by the Public Service Commission. Said decrease shall be spread as recommended by the PSC Staff according to the percentage of each rate schedule's contribution to revenue in Schedules 1, 2, 3, 4, 7 & 8. Nolin has already implemented \$576,000.00 of this decrease effective June 1, 1990 with the approval of the Commission. Nolin and PSC Staff agree that the remaining \$200,000.00 of the decrease will be effective with service rendered on and after the 1st day of the next month following approval by the Public Service Commission.

3. Nolin's revenue requirements will be based on a 2.5 TIER with all total margins in excess of a 1.5 TIER being used by Nolin to rotate capital credits to its members, with the exception that for those capital credits previously scheduled to be paid in the fall of 1990, since Nolin will be unable to pay all such capital credits at one time, those capital credits shall be paid to the members with at least 1/2 of such capital credits being paid in 1990, at least 1/4 paid in 1991, together with the regular retirement of capital

credits for that year, and the balance paid in 1992, together with the regular retirement of capital credits for that year.

4. For purposes of determining Nolin's earnings and margins, reference will be made to Nolin's Annual Reports on file with the Public Service Commission. Nolin's Annual Reports will be adjusted to eliminate any cost that is not normally allowed by the Public Service Commission for rate-making purposes.

5. Nolin represents that it will amend its current Equity Management Plan so as to rotate capital credits to its members for all total margins earned in excess of a 1.5 TIER. Nolin shall further make a good faith effort to reduce its equity from its present level.

6. For as long as this Settlement Agreement is in effect and Nolin's revenue requirements are determined hereunder, Nolin acknowledges that it will be subject to financial monitoring by the PSC Staff and to facilitate that monitoring, Nolin agrees to provide, upon reasonable notice, any financial statements necessary to assure the PSC Staff that refunds of Capital Credits are being administered in good faith in accordance with its amended Equity Management Plan and this Settlement Agreement.

7. Nolin recognizes and acknowledges its obligation to operate its system at the lowest possible cost consistent with the furnishing of adequate, efficient, and reasonable electric service and Nolin will act in good faith to take all

reasonable steps necessary to comply with this obligation.

8. Nolin may apply to the Public Service Commission for relief from the aforementioned obligations to retire capital credits when, due to circumstances beyond Nolin's control, the Rural Electrification Administration or the National Rural Utilities Cooperative Finance Corporation has suspended or discontinued advancing loan funds to Nolin.

9. Nolin will proceed with all diligent speed to obtain any requisite approvals from its creditors and other persons necessary to implement the provisions of this Settlement Agreement, and to maintain said Agreement in full force and effect.

10. This Agreement is subject to the acceptance of and approval by the Public Service Commission. In the event this Settlement Agreement is not accepted and approved by the Public Service Commission, said Agreement shall become null and void and Nolin and PSC Staff shall not be obligated or bound by any of the terms or provisions contained herein.

AGREED TO BY:

NOLIN R.E.C.C.

BY: Robert C Wade 10-11-90
Title: President Date

PSC STAFF

BY: Richard G. Roff October 12, 1990
Title: Staff Attorney Date

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 90-064 DATED October 31, 1990.

The following rates and charges are prescribed for the customers in the area served by Nolin Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Schedule 1 Residential, Farm, Non-Farm, Trailers and Mobile Homes

Customer Charge	\$5.00
All KWH Charge	\$.05432 Per KWH

Schedule 2 Commercial, Small Power, Single-Phase and Three-Phase Service

Customer Charge	\$5.00
All KWH Charge	\$.06146 Per KWH

Schedule 3 Large Power

Demand Charge	\$4.34 Per KW
Energy Charge	
First 2,500 KWH	\$.05036 Per KWH
Next 12,500 KWH	\$.04591 Per KWH
Over 15,000 KWH	\$.04457 Per KWH

Schedule 4 Industrial

Demand Charge	\$4.34 Per KW
Energy Charge	
First 3,500 KWH	\$.05389 Per KWH
Next 6,500 KWH	\$.04110 Per KWH
Over 10,000 KWH	\$.03778 Per KWH

Schedule 7
Industrial

Demand Charge	\$7.92 Per KW
Energy Charge	\$.03131 Per KWH

Schedule 8
Seasonal Time of Day

Demand Charge	\$7.82 Per KW
Energy Charge	\$.03131 Per KWH