

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF THE RATES OF)
MEADE COUNTY RURAL ELECTRIC COOPERATIVE) CASE NO. 93-033
CORPORATION)

O R D E R

On March 22, 1993, Meade County Rural Electric Cooperative Corporation ("Meade County RECC") applied to the Commission for authority to adjust its rates to produce additional annual revenue in the amount of \$896,893.

Meade County RECC is a consumer-owned rural electric cooperative organized pursuant to KRS Chapter 279 and engaged in the distribution and sale of electric energy to approximately 19,658 customers in Breckinridge, Grayson, Ohio, Meade, Hancock, and Hardin counties in central Kentucky.

No requests for formal intervention in this matter were received. A hearing was scheduled for July 28, 1993. Negotiations between Commission Staff and Meade County RECC were conducted prior to the scheduled hearing.

As a result of these negotiations, a Settlement Agreement was reached and submitted to the Commission for its approval. Under the terms of this Settlement Agreement, Meade County RECC will be granted a revenue increase of \$896,893 or 5.4 percent over normalized total operating revenue. Revenue requirements will be based on a 2.46 Times Interest Earned Ratio ("TIER") with all total

margins in excess of a 2.0 TIER used by Meade County RECC to rotate capital credits to its members.

After careful review of the Settlement Agreement, the Commission finds that the Settlement Agreement's terms are reasonable and that its rate design and terms of service provisions are in conformity with generally accepted rate-making standards. The Commission further finds that the Settlement Agreement is in the public interest and should be accepted.

IT IS THEREFORE ORDERED that:

1. The Settlement Agreement, appended hereto as Appendix A, is incorporated into this Order as if fully set forth herein.

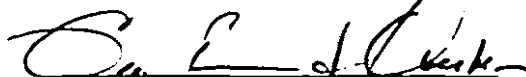
2. The terms and conditions set forth in the Settlement Agreement are adopted and approved.

3. The rates set forth in Appendix B to this Order are approved for service rendered on and after the date of this Order.

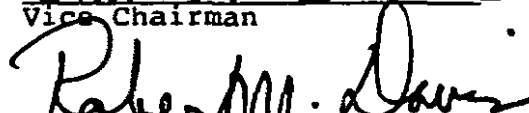
4. Meade County RECC shall, within 30 days of the date of this Order, file new tariffs reflecting the provisions of this Order.

Done at Frankfort, Kentucky, this 30th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-033 DATED JULY 30, 1993

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF THE RATES OF)
MEADE COUNTY RURAL ELECTRIC COOPERATIVE) CASE NO. 93-033
CORPORATION)

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered this 26th day of July, 1993,
by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF
KENTUCKY ("Commission Staff") and MEADE COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION, INC. ("Meade County RECC").

W I T N E S S E T H :

THAT, WHEREAS, on March 22, 1993, Meade County RECC applied to
the Public Service Commission for authority to adjust its basic
rates to produce additional annual revenue in the amount of
\$896,893; and

WHEREAS, no persons have sought or been granted intervention
in this proceeding; and

WHEREAS, Meade County RECC and Commission Staff have discussed
Meade County RECC's application and reached agreement on all
outstanding issues raised by it.

NOW, THEREFORE, be it resolved that:

1. Meade County RECC and Commission Staff mutually agree
that all outstanding issues raised in this proceeding shall be
resolved by this Settlement Agreement.

2. Meade County RECC shall be authorized to adjust its rates to produce additional operating revenues of \$896,893 annually, or total operating revenues of \$17,468,782 upon written acceptance of this Settlement Agreement by the Public Service Commission. The rates set forth in the Appendix to this Settlement Agreement will produce this level of revenue.

3. Meade County RECC's revenue requirements as determined in this Settlement Agreement are based on a 2.46 TIER with all total margins in excess of a 2.0 TIER being used by Meade County RECC to rotate capital credits to its patrons.

4. For as long as this Settlement Agreement is in effect and Meade County RECC's revenue requirements are determined hereunder, Meade County RECC agrees to use all margins in excess of a 2.0 TIER to rotate capital credits to its patrons. For purposes of determining Meade County RECC's earnings and margins, reference will be made to Meade County RECC's Annual Reports on file with the Public Service Commission with adjustments to eliminate any cost that is not normally allowed by the Commission for rate-making purposes. TIER shall be calculated by excluding Generating and Transmission Capital Credits.

5. In addition to any other reports required by this Settlement Agreement, Meade County RECC shall no later than March 31 of each year submit a written report to the Public Service Commission on the status of its patronage capital credit rotation for prior calendar year.

6. Meade County RECC will modify its currently effective Equity Management Plan to reflect any modifications or amendments necessary to implement the provisions of this Agreement.

7. No later than ninety (90) days after the date of this Agreement Meade County RECC will file with the Public Service Commission a copy of its Equity Management Plan as revised to comply with the provisions of Paragraph 6.

8. For as long as this Settlement Agreement is in effect and Meade County RECC's revenue requirements are determined hereunder, Meade County RECC acknowledges that it will be subject to financial monitoring by Commission Staff. To facilitate that monitoring, Meade County RECC agrees to provide, upon reasonable notice, any financial statements necessary to assure Commission Staff that refunds of Capital Credits are being administered in good faith in accordance with this Settlement Agreement.

9. Meade County RECC 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. Meade County RECC agrees to take all reasonable steps necessary to comply with this obligation.

10. Meade County RECC may apply to the Public Service Commission for relief from its aforementioned obligations to retire capital credits when, due to circumstances beyond Meade County RECC's control, the Rural Electrification Administration or the National Rural Utilities Cooperative Finance Corporation has

suspended or discontinued advancing loan funds to Meade County RECC.

11. Meade County RECC certifies that it has obtained all requisite approvals from its creditors and other persons necessary to implement the provisions of this Agreement.

12. This Agreement is subject to the acceptance of and approval by the Public Service Commission. Commission Staff will exercise its best efforts to obtain prompt Commission review of this Settlement Agreement and will recommend to the Commission that this Settlement Agreement be approved.

13. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations shall be binding on either signatory.

14. If the Public Service Commission accepts and adopts this Settlement Agreement in its entirety and enters an order in this proceeding to that effect, Meade County RECC shall not apply for rehearing in this proceeding nor bring an action for review of that order.

AGREED TO BY:


COUNSEL FOR MEADE COUNTY RECC


COUNSEL FOR COMMISSION STAFF

APPENDIX A

Schedule I
Residential, Farm and Non-Farm, Schools & Churches

Rates:

Customer Charge		\$6.00	Per Month
First	300 KWH Per Month	.07494	Per KWH
Next	700 KWH Per Month	.06004	Per KWH
All Over	1,000 KWH Per Month	.05580	Per KWH

Schedule II
Commercial Rate

Rates:

Customer Charge		\$8.00	Per Month
First	500 KWH Per Month	.07965	Per KWH
Next	500 KWH Per Month	.07316	Per KWH
All Over	1,000 KWH Per Month	.06484	Per KWH

Schedule III
General Service, 0 - 49 KVA

Rates:

Energy Charge			
Customer Charge		\$8.00	Per Month
First	500 KWH Per Month	.07805	Per KWH
Next	500 KWH Per Month	.07236	Per KWH
All Over	1,000 KWH Per Month	.06389	Per KWH
Demand Charge			
First 10 KW Billing Demand			
Per Month		No Charge	
Excess Above 10 KW Billing			
Demand Per Month		\$3.31	

Schedule IV
Large Power Service, 50 - 999 KVA

Rates:

Energy Charge	
First 100 KWH Per Month Per KW of Billing Demand	\$0.06748
Next 100 KWH Per Month Per KW of Billing Demand	0.06110
Next 100 KWH Per Month Per KW of Billing Demand	0.05845
Remaining KWH Per Month Per KW of Billing Demand	0.05683
Demand Charge Per KW of Billing	\$3.31

Schedule VII
Cable Television Attachment

Yearly Rental Charges:

Two-Party Pole Attachment	\$3.51
Three-Party Pole Attachment	2.74
Two-Party Anchor Attachment	7.09
Three-Party Anchor Attachment	4.72

Non-Recurring Charges

Return Check Fee	\$14.00
Disconnect and Reconnect Fee	25.00
Serviceman's Reading Fee	25.00
Meter Test Fee	25.00

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 93-033 DATED JULY 30, 1993

The following rates and charges are prescribed for the customers in the area served by Meade County 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 date of this Order.

Schedule I
Residential, Farm and Non-Farm, Schools & Churches

Rates:

Customer Charge		\$6.00	Per Month
First	300 KWH Per Month	.07494	Per KWH
Next	700 KWH Per Month	.06004	Per KWH
All Over 1,000	KWH Per Month	.05580	Per KWH

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Demand Charge	
First 10 KW Billing Demand	
Per Month	No Charge
Excess Above 10 KW Billing	
Demand Per Month	\$3.31

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Energy Charge	
First 100 KWH Per Month	
Per KW of Billing Demand	\$0.06748
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