

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF BIG RIVERS ELECTRIC CORPORATION OF)	
CHANGE IN RATES, AND JOINT APPLICATION OF)	CASE NO.
JACKSON PURCHASE ENERGY CORPORATION,)	2007-00126
KENERGY CORP. AND MEADE COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO CHANGE)	
RATES TO REFLECT CHANGE IN WHOLESALE RATES)	

ORDER

On March 26, 2007, Big Rivers Electric Corporation (“Big Rivers”) filed notice of its intent to implement a new renewable resource energy tariff rider under which it will make renewable resource energy available to its three member cooperatives: Jackson Purchase Energy Corporation (“Jackson Purchase”), Kenergy Corp. (“Kenergy”), and Meade County Rural Electric Cooperative Corporation (“Meade County”) (collectively, the “Member Cooperatives”). The Member Cooperatives joined in the application seeking the necessary additions to their tariffs to make renewable resource energy available to their retail members. An effective date of May 1, 2007 was proposed by Big Rivers and the Member Cooperatives for their tariff riders but, pursuant to KRS 278.190(2), the Commission suspended the effective date for 5 months to allow time to investigate the reasonableness of the new rates. The Attorney General (“AG”) of the Commonwealth of Kentucky, through his Office of Rate Intervention, has been granted full intervenor status in these proceedings.

Big Rivers’ proposed wholesale tariff rider is offered as a voluntary rider applicable to Big Rivers’ existing tariffs Rate Schedule C.4.d., Rate Schedule C.7.c., and Rate Schedule 10. At the request of its Member Cooperatives to add a source of

renewable resource energy and after pursuing several alternatives, Big Rivers entered into an agreement with Weyerhaeuser Industries (“Weyerhaeuser”)¹ to purchase energy generated from Weyerhaeuser’s wood waste steam generator, which uses wood waste and wood residue. Wood waste and wood residue are both generally considered to be renewable resources. Big Rivers believes that the amount of renewable resource energy available from Weyerhaeuser is more than adequate to meet the anticipated requirements of its Member Cooperatives.

Big Rivers’ proposal does not affect the demand charges under its existing wholesale tariffs since its fixed costs will not change due to the purchase and delivery of renewable resource energy. The energy rate charge under the existing tariffs will change to \$.055 per kilowatt hour.

Under Big Rivers’ proposed rider, renewable resource energy can be purchased by a retail customer from a Member Cooperative in blocks of 100 kWh per month. Each Member Cooperative seeks the Commission’s approval of its own retail tariff rider in this proceeding. A Member Cooperative retail customer must enter into a contract which requires a commitment to purchase renewable resource energy for a period of not less than one year. The renewable resource energy purchased by the Member Cooperative replaces energy that would otherwise have been purchased from Big Rivers under Big Rivers’ existing standard tariff rates. The net cost of renewable energy to the Member Cooperatives will, therefore, be the difference between the wholesale rates for renewable energy less the energy rate under Big Rivers’ standard energy rate under the

¹ Weyerhaeuser assigned its agreement with Big Rivers to Domtar Paper Company, LLC on March 5, 2007.

applicable tariff, adjusted for line losses. The rate charged under the retail renewable resource energy tariff riders will be a charge in addition to the rates charged under each Member Cooperative's existing tariff to reflect and flow through the change in the wholesale energy rate. The rate charged to Jackson Purchase's and Kenergy's direct serve customers will not be adjusted for line losses since no distribution losses are associated with those customers.²

Included in the joint application filed in this proceeding are the methodologies and calculations used by each Member Cooperative in developing the rate(s) to be charged under its applicable rate schedules. Also included in the joint application are tariff sheets for the proposed renewable resource energy riders for Big Rivers and each of the Member Cooperatives.

In response to Commission Staff's May 4, 2007 data request Jackson Purchase and Meade County filed revised tariff sheets and requested that the Commission replace the tariffs originally filed with the March 26, 2007 application with the revised tariffs.³ Jackson Purchase corrected its tariff for Rate Schedule 1 as distribution line losses should not have been included since those customers are directly served by Big Rivers. Meade County removed Rate Schedules 5 and 6 which are lighting schedules and Rate Schedule 13, Large Industrial Customers Served Under Special Contract for all Load Subject to the Big Rivers Large Industrial Expansion Rate. Meade County did

² Response to Commission Staff's May 4, 2007 Data Request, Item 5.

³ Jackson Purchase included its revised proposed tariff sheets in response to Item 5 of the Commission's May 4, 2007 request and Meade County included its proposed revised tariff sheets in its response to Item 7.

not intend to make the renewable energy resource rider applicable to those rate classes.

In response to Item 6 of the AG's Data Request, Big Rivers and the Member Cooperatives stated their willingness to file periodic updates regarding the renewable energy resource program. The Commission will require the Member Cooperatives to annually provide information identifying the number of participants by rate schedule and the amount of renewable energy purchased by each rate schedule. This information is to be filed with each Member Cooperative's annual report.

Based on the application and being otherwise sufficiently advised, the Commission finds that:

1. Big Rivers should be authorized to establish its proposed wholesale renewable resource energy rider as set forth in its March 26, 2007 application.
2. Jackson Purchase, Kenergy, and Meade County should be authorized to establish the proposed retail renewable resource rider set forth by each Member Cooperative in their March 26, 2007 joint application and as amended by Jackson Purchase and Meade County in their responses to Staff's May 4, 2007 data request.
3. Jackson Purchase, Kenergy, and Meade County should file the information requested in this Order with their annual reports.
4. The rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The renewable resource energy riders of Big Rivers, Jackson Purchase, Kenergy, and Meade County as proposed in their March 26, 2007 joint application and revised by Jackson Purchase and Meade County on May 14, 2007 are approved.

2. Jackson Purchase, Kenergy, and Meade County shall file the information requested in this Order with their annual reports.

3. The rates set forth in Appendix A are hereby approved for services rendered on and after the date of this Order.

4. Big Rivers, Jackson Purchase, Kenergy, and Meade County shall each file, within 20 days of the date of this Order, revised tariff sheets setting out the charges approved herein showing their date of issue and that they were issued by authority of this Order.

Done at Frankfort, Kentucky, this 19th day of July, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00126 DATED JULY 19, 2007

The following rates and charges set forth below for each individual utility are prescribed for the customers in the area served by Big Rivers Electric Corporation, Jackson Purchase Energy Corporation, Kenergy Corp., or Mead 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 the Commission prior to the effective date of this Order.

Big Rivers Electric Corporation Renewable Resource Energy Rider:

Rate Schedule C.4.d.(2)

Energy Charge per kWh \$0.055

Rate Schedule C.7.c.(2)(b)

Energy Charge per kWh \$0.055

Rate Schedule 10

Energy Charge per kWh \$0.055

Jackson Purchase Energy Corporation:

Rate Schedule G-1
Renewable Energy Tariff Rider

Per kWh Premium of:

Rate Schedule R – Residential, Single Phase \$0.0365

Rate Schedule OL – Outdoor Lighting \$0.0365

Rate Schedule CSL – Combined with Schedule OL \$0.0365

Rate Schedule C-Small Commercial, Single Phase	\$0.0365
Rate Schedule D – Commercial & Industrial and all Three-Phase Consumers Over 25 KVA	\$0.0365
Rate Schedule SP – Seasonal Power Service	\$0.0365
Rate Schedule I – Industrial Service	\$0.041285
Rate Schedule ND – Commercial & Industrial and all other Three-Phase, Under 25 KVA	\$0.0365

Per kWh Premium of:

Rate Schedule SPC-A	\$0.0365
Rate Schedule SPC-B	\$0.0365

Kenergy Corporation:

Schedule 23
Renewable Resource Energy

Per kWh Premium of:

Rate Schedule 1 - Residential	\$0.0363
Rate Schedule 2 – Three-Phase Demand (0-1,000 KW)	\$0.0363
Rate Schedule 3 – Three-Phase Demand (1,001-4,999 KW)	\$0.0363
Rate Schedule 4 – Non-Residential Single Phase	\$0.0363
Rate Schedule 11 – Individual Customer Lighting	\$0.0363
Rate Schedule 12 – Street Lighting	\$0.0363
Rate Schedule 13 – Decorative Area Lighting	\$0.0363
Rate Schedule 14 – Commercial/Industrial Exterior Lighting	\$0.0363
Rate Schedule 31 – Dedicated Delivery Point Customers (Class C)	\$0.041285

Rate Schedule 32 – Large Industrial Customers Served Under Special Contract (Dedicated Delivery Points) Class B	\$.041285
Rate Schedule 41 – Large Industrial Customers Served Under Special Contract for all Load Subject to the Big Rivers Large Industrial Expansion Rate	\$.041285

Meade County Rural Electric Cooperative Corporation:

Rate Schedule 16
Renewable Resource Energy Service Tariff Rider

	<u>Per kWh Premium of:</u>
Rate Schedule 1 – Residential Farm and Non-Farm Schools and Churches	\$.03681
Rate Schedule 2 – Commercial Rate	\$.03681
Rate Schedule 3 – Three-Phase Power Service 0 KVA – 999 KVA	\$.03681
Rate Schedule 3A – Three-Phase Power Service 0 KVA – 999 KVA – Optional Time-of Day Rate (TOD)	\$.03681
Rate Schedule 4 – Large Power Service, 1,000 KVA and Larger (TOD)	\$.03681