

July , 1980

To all Electric Utilities

Dear

In 1978 President Carter signed a package of legislation entitled the National Energy Act. The intent of the legislative package was to encourage more efficient use of energy resources in the United States. One of the specific pieces of legislation in the National Energy Act was the Public Utility Regulatory Policies Act, better known as PURPA. Title I of PURPA, which relates to retail regulatory policies for electric utilities, states that its purposes are to encourage conservation of energy supplied by electric utilities, the optimization of the efficiency of use of facilities and resources by electric utilities and equitable rates to electric consumers. PURPA has mandated that state regulatory commissions consider and determine whether certain ratemaking standards and other regulatory standards, defined in the act are appropriate for state commissions to adopt in order to achieve the purposes set forth above.

The prohibition of master metering is one of the regulatory standards (Section 113(b)(1)) that the Kentucky Energy Regulatory Commission must consider for adoption. The prohibition of master metering on new buildings would encourage conservation of electricity if the new building has individual units over which the occupant of that unit has control of the energy usage. However, the Kentucky Energy Regulatory Commission recognizes that there may exist situations in which master metering may be appropriate. (For instance, if the occupant of the unit does not have control of the energy usage, or if the costs of purchasing and installing separate meters for each unit outweigh the benefits gained by the additional conservation by the consumers, master metering may be acceptable.)

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The Energy Regulatory Commission must make its determination by November, 1980 with regard to the adoption of a regulation prohibiting master metering on all new buildings. Accordingly, the Commission is scheduling a fact finding hearing on August 7, 1980 at 1:00 p.m., Eastern Daylight Time, in the Hearing Room at its offices located at 730 Schenkel Lane, Frankfort, Kentucky 40601 for the purpose of obtaining information to assist the Commission in developing guidelines to be included in a regulation prohibiting master metering except in certain situations. Interested parties may submit pertinent data and/or comments at the hearing.

Very truly yours,

ENERGY REGULATORY COMMISSION

Richard D. Heman, Jr.
Secretary

RDH/cem