

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE )  
APPLICATION OF THE FUEL )  
ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO. 2012-00320  
UTILITIES COMPANY FROM )  
NOVEMBER 1, 2011 THROUGH APRIL )  
30, 2012 )

ORDER

Pursuant to 807 KAR 5:056, the Commission established this case on August 22, 2012 to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Kentucky Utilities Company ("KU") for the six-month period that ended on April 30, 2012. As part of this review, KU submitted certain information, pursuant to Commission Order, concerning its compliance with 807 KAR 5:056. In its August 22, 2012 Order, the Commission scheduled a hearing in this matter for October 11, 2012.

On October 8, 2012, KU filed with the Commission a petition seeking deviation from the notice of public hearing requirements of 807 KAR 5:011, Section 8(5). As grounds for its petition, KU stated that it contacted the Kentucky Press Association on September 10, 2012 to arrange for a Notice of Public Hearing to be published in 94 newspapers in KU's service areas during the time period of September 20, 2012 to October 4, 2012.

KU asserts that, despite its efforts, the notice did not run in three of the 94 papers in KU's service area. The *Providence Journal Enterprise*, a weekly paper with a circulation of 4,164 in Webster County failed to publish notice, but notice was published

in the *Sebree Banner*, which also serves Webster County with a circulation of 3,364. The notice did not run in the *Morganfield Union County News*, a weekly newspaper with a circulation of 3,929 in Union County, but the notice did timely run in the *Sturgis News*, which serves Union County with a circulation of 2,700. KU's notice also did not run as requested in the *Russell Springs Times Journal*, which runs in Russell County and has a circulation of 4,651. KU subsequently informed the Commission that the notice was published in the *Morganfield Union County News* and *Providence Journal Enterprise* on October 10, 2012 and in the *Russell Springs Times Journal* on October 11, 2012.

KU asserts that it has published notice in the vast majority of the newspapers in its service territory, including the two newspapers with the largest circulation, the (Lexington) *Herald-Leader* and *The* (Louisville) *Courier-Journal*. KU argues that it has substantially complied with the Commission's notice regulations and has ensured that the public had sufficient notice of the proceeding and a meaningful opportunity to participate, and deviation from the regulation is appropriate. The Commission held a public hearing in this matter on October 11, 2012. On October 25, 2012, KU filed its response to a request made at the hearing.

The Commission has previously established KU's base fuel cost as 26.68 mills per kWh.<sup>1</sup> A review of KU's monthly FAC filings shows that the actual fuel cost incurred for the six-month period under review ranged from a low of 26.12 mills in November 2011 to a high of 27.22 mills in February 2012, with a six-month average of 26.76 mills.

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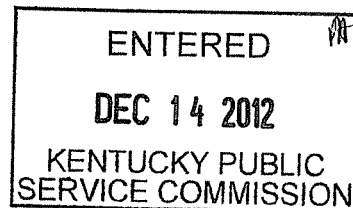
<sup>1</sup> Case No. 2010-00492, An Examination of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 2008 Through October 31, 2010 (Ky. PSC May 31, 2011).

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of KU's FAC charges or improper fuel procurement practices. The Commission also finds that KU has substantially complied with the notice requirements of 807 KAR 5:011, Section 8(5), that this substantial compliance has satisfied the requirements of the regulation, and, pursuant to 807 KAR 5:011, Section 14, that it should be granted deviation from the notice requirements contained therein.

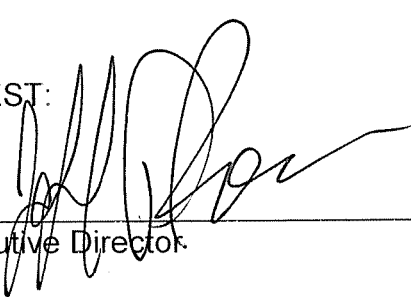
IT IS THEREFORE ORDERED that:

1. The charges and credits billed by KU through its FAC for the period November 1, 2011 through April 30, 2012 are approved, and,
2. KU's motion to deviate from the requirements of 807 KAR 5:011, Section 8(5) is granted.

By the Commission



ATTEST:

  
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Executive Director

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