

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER)
COMPANY FOR A CERTIFICATE OF) CASE NO. 8271
PUBLIC CONVENIENCE AND NECESSITY)

O R D E R

Motion of Kentucky Power Company

On April 4, 1983, Kentucky Power Company ("KPC") filed a motion to amend Finding 4 and the ordering clause of the Commission's Order on Remand entered March 15, 1983. KPC's motion will be treated as an application for rehearing pursuant to KRS 278.400. On April 8, 1983, the Office of the Attorney General ("A.G."), an intervenor herein, filed a response in opposition to KPC's motion.

The Commission's Order of March 15, 1983, granted KPC a certificate of convenience and necessity to purchase a 15 percent undivided interest in two 1300 megawatt generating units being constructed near Rockport, Indiana ("Rockport"). The certificate restricted KPC to a maximum amount of \$312 million to be included in rate base for rate-making treatment. The motion requests modification of that Order by inserting the phrase "except for good cause shown" in the clauses reciting the restriction to \$312 million. KPC states its belief that this proposed amendment merely expresses the Commission's intent. It further argues

that the \$312 million restriction would not be res judicata in future rate proceedings if facts change or the dollar restriction were not an issue in the prior proceeding.

The Commission is of the opinion that its Order on Remand explicitly expresses its intent to impose a maximum dollar restriction on the amount to be included in KPC's rate base associated with Rockport. KPC characterized its purchase of a 15 percent interest in Rockport as a unique opportunity because it allows KPC to benefit from the economies of scale inherent in a large generating unit and the generating capacity cost is lower than available elsewhere. Throughout the course of this certificate proceeding, KPC submitted extensive testimony in support of its cost estimates for Rockport, and it repeatedly emphasized its confidence in those estimates. KPC's determination to make those estimates an issue in this proceeding resulted in an extensive discussion of the Commission's concern that costs could escalate if the in-service dates of the Rockport units were deferred in the Order on Remand. To protect KPC and its rate-payers the amending language proposed by KPC must be rejected and the motion overruled.

Petition for Rehearing of the A.G.

On April 4, 1983, the A.G. filed a petition for rehearing alleging that Finding #4 at page 13 of the Commission's Order on Remand is the only finding relevant to net benefits and that if a certificate is to be granted it should not authorize more than a

15 percent interest in Rockport Unit I. On April 15, 1983, KPC filed a response in opposition to the A.G.'s petition.

The A.G.'s allegation that the Order on Remand lacks sufficient findings is frivolous. The Order on Remand is fully supported by findings of the benefits that accrue to KPC from its membership in the AEP pool. (See Order on Remand pps. 4-7, 12, 13).

The A.G.'s other argument, which was never previously presented, is that a comparison of KPC's December 1981 peak load with its December 1984 generating capacity indicates a need for no more than a 15 percent interest in Rockport Unit I. This argument is contrary to the evidence of record regarding KPC's projections of peak load through December 1984. The A.G. has neither presented any argument nor indicated the existence of any evidence that would justify a rehearing of the Commission's Orders entered September 28, 1981, and March 15, 1983, regarding KPC's need for additional generating capacity.

Summary

The Commission, based upon the evidence of record, KPC's motion and the A.G.'s response thereto, and the A.G.'s petition for rehearing and KPC's response thereto, is of the opinion and finds that:

1. KPC's motion to amend the Commission's Order on Remand is contrary to the express intent of the Commission's findings therein.

2. The A.G.'s petition for rehearing fails to either present any argument or indicate the existence of any evidence to justify a rehearing.


IT IS THEREFORE ORDERED that KPC's motion be and it hereby is denied.

IT IS FURTHER ORDERED that the A.G.'s petition for rehearing be and it hereby is denied.

Done at Frankfort, Kentucky, this 22nd day of April, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary