

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC)
SERVICE COMMISSION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF BIG) CASE NO. 9170
RIVERS ELECTRIC CORPORATION)
FROM NOVEMBER 1, 1982, TO)
OCTOBER 31, 1984)

O R D E R

Pursuant to 807 KAR 5:056, Sections 1(11) and 1(12), the Public Service Commission ("Commission") issued its Order on November 2, 1984, scheduling a hearing to review the operation of the fuel adjustment clause of Big Rivers Electric Corporation ("Big Rivers") for the past 2 years and to determine the amount of fuel cost that should be transferred (rolled in) to the base rates in order to reestablish the fuel clause charge in accordance with 807 KAR 5:056, Section 1(2).

In response to the Commission's requests for information, Big Rivers proposed to use August 1984 as the base period (test month) for the purpose of arriving at the base fuel cost (F(b)) and the KWH sales (S(b)) components of the fuel adjustment clause. The base fuel cost proposed by Big Rivers was 14.60 mills per KWH. Big Rivers provided all requested information, and following proper notice, a hearing was held on April 4, 1985.

The sole intervenor in this case was the Consumer Protection Division of the Attorney General's Office ("AG"). The AG did not offer testimony, and on cross-examination did not challenge the level of actual fuel cost included in Big Rivers' monthly fuel filings, or the proposed base fuel cost of 14.60 mills per KWH.

In establishing the appropriate level of base fuel cost to be included in Big Rivers' rates, the Commission must determine whether the proposed base period fuel cost per KWH is representative of the level of fuel cost currently being experienced by Big Rivers. The Commission's review of generation mix, unit outages and unit availability disclosed that August, 1984, was a reasonably representative generation month for Big Rivers. The Commission's analysis of Big Rivers' monthly fuel clause filings shows that the actual fuel cost incurred for the year ended October 1984 ranged from a low of 14.12 mills per KWH in June 1984 to a high of 15.47 mills per KWH in December 1983. The Commission is of the opinion that Big Rivers has complied with 807 KAR 5:056, and that the adjusted base period fuel cost of 14.60 mills per KWH should be approved.

Big Rivers has one billing cycle, and the service period for that cycle covers the calendar month. Big Rivers bills its distribution coops during the first week of the following month for the cost of providing service for the

month, which includes the base period fuel costs contained in the base rates. If the Commission approved Big Rivers' adjusted proposed base fuel cost of 14.60 mills per KWH for service rendered on and after June 1, Big Rivers would bill its customers for June service in July at the base fuel cost after roll-in of 14.60 mills per KWH. Furthermore, bills for May service billed in June would be based on the base fuel cost before roll-in of 15.56 mills per KWH.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. Big Rivers has complied in all material respects with the provisions of 807 KAR 5:056.

2. The test month of August, 1984, should be used as Big Rivers' base period in this proceeding.

3. Big Rivers' proposed base period fuel cost of 14.60 mills per KWH should be approved.

4. The establishment of a base fuel cost of 14.60 mills per KWH requires a transfer (roll-in) of (.096) cents per KWH from the fuel adjustment clause rate to Big Rivers' base rates and can best be accomplished by a uniform reduction in all energy rates.

5. The revised rates and charges in Appendix A are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 15.56 mills per KWH and the new base fuel cost of 14.60 mills per KWH.

6. The rates in Appendix A should be approved for service rendered on and after June 1, 1985.

7. The fuel adjustment clause rate for May to be billed in July should be computed using the base fuel cost prior to roll-in of 15.56 mills per KWH.

8. The fuel adjustment clause rate for June usage and the succeeding months should be computed using the base fuel cost after roll-in of 14.60 mills per KWH approved herein.

IT IS THEREFORE ORDERED that the charges collected by Big Rivers through the fuel adjustment clause for the period November 1, 1982, through October 31, 1984, be and they hereby are approved.

IT IS FURTHER ORDERED that Big Rivers' proposed base period fuel cost of 14.60 mills per KWH be and it hereby is approved.

IT IS FURTHER ORDERED that the rates in Appendix A be and they hereby are approved for service rendered by Big Rivers on and after June 1, 1985.

IT IS FURTHER ORDERED that within 30 days from the date of this Order Big Rivers shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 8th day of May, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Hemann
Chairman

Paul H. Logan
Vice Chairman

Sam Shull
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 9170 DATED 5/8/85

The following rates and charges are prescribed for the customers in the area served by Big Rivers Electric 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.

RATE SCHEDULE:

A. Monthly Delivery Point Rate:

(1) Demand charge of:

All KW of billing demand at \$6.25 per kilowatt.

(2) Plus an energy charge of:

(a) All KWH per month at \$.018849 per KWH.

B. Fuel Clause:

The energy charge shall be increased or decreased by a fuel adjustment factor as follows:

$\frac{F}{S}$ - \$.01460