

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 ADJUST-)
MENT CLAUSE OF KENTUCKY) CASE NO. 9732
POWER COMPANY)
FROM NOVEMBER 1, 1984,)
TO OCTOBER 31, 1986)

O R D E R

Under the provisions of Kentucky Public Service Commission Regulation 807 KAR 5:056 (12), an in-depth review of fuel adjustment clause charges is to be held every 2 years. The purpose of this review is to evaluate past operation of the clause, disallow improper expenses and to the extent appropriate reestablish the fuel clause charge in accordance with Subsection (2) of the Regulation.

The Public Service Commission ("Commission") has determined that the evidence of record included in the three previous fuel adjustment cases (Case Nos. 9172-A, 9172-B and 9172-C) established pursuant to 807 KAR 5:056, Section 1(11), is essential to the consideration of this case. However, the refiling of that evidence in this case would be duplicative, expensive and time-consuming and to the ultimate detriment of the ratepayer. Accordingly, the Commission is of the opinion and finds that the

most expeditious procedure is to incorporate the record of the three previous fuel adjustment cases into this case by reference only.

IT IS THEREFORE ORDERED that:

(1) The evidence of record in the three previous fuel adjustment cases instituted pursuant to 807 KAR 5:056, Section 1(11), (Case Nos. 9172-A, 9172-B and 9172-C) be and they hereby are incorporated into the record of this case by reference.

(2) Pursuant to 807 KAR 5:056, Section 1(11) and (12), Kentucky Power Company ("Kentucky Power") shall appear at the Commission's offices in Frankfort, Kentucky, on February 10, 1987, at 9:00 a.m., Eastern Standard Time, for the purpose of examining the application of the Fuel Adjustment Clause from November 1, 1984, to October 31, 1986.

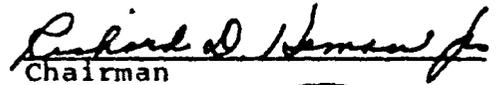
(3) Kentucky Power shall give proper notice to its customers of the date, time, place, and purpose of the hearing.

(4) Kentucky Power shall file an original and six copies of the information requested in Appendix A with the Commission by December 12, 1986. Each copy of the data requested shall be placed in a bound volume with each item tabbed. When a number of sheets is required for an item, each sheet should be appropriately indexed; for example, Item 1(a), Sheet 2 of 6. Kentucky Power shall furnish with each response the name of the witness who will be available at the public hearing to respond to questions concerning each area of information requested. Careful attention shall be given to copied material to insure that it is legible.

If the information cannot be provided by the due date, Kentucky Power should submit a motion for an extension of time, stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

Done at Frankfort, Kentucky, this 12th day of November, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

1. Select a month to be used as the base period (b) and include a comprehensive, detailed explanation of the factors considered in the selection of this month as being representative of the net generating cost per KWH, which Kentucky Power can reasonably expect to incur during the next 2-year period.

2. Provide a calculation of the fossil fuel costs F(b) that Kentucky Power proposes to use in calculating the base period fuel cost. The calculation should show each component of F as defined by 807 KAR 5:056, and Kentucky Power should provide a detailed explanation of the reasons it believes the fuel cost in the selected base period is representative of the level of fuel cost which Kentucky Power can expect to incur during the next 2-year period.

3. Provide a schedule showing each component of sales as defined by 807 KAR 5:056 in the selected base period (b) and give a detailed explanation of the reasons Kentucky Power believes the sales in the selected base period (b) are representative of the level of KWH sales which Kentucky Power can expect to derive from the level of fuel cost incurred during the selected base period (b).

4. Provide a schedule showing the calculation of Kentucky Power's proposed increase or decrease in its base fuel cost per KWH to be transferred (rolled-in) to its base rate.

5. Provide Kentucky Power's most recent projected fuel requirements for the years 1987 and 1988, both in tons and dollars.

6. Provide Kentucky Power's most recent sales projections for the years 1987 and 1988, both in KWH and dollars.

7. Provide separately the amounts of purchases and interchange-in used in the calculation of sales in response to Item 3.

8. Provide separately the amounts of inter-system sales and interchange-out used in the calculation of sales in response to Item 3.

9. Provide the planned maintenance schedule for each of Kentucky Power's generating units for the period November 1, 1986, to October 31, 1988.

10. Provide the following demand information for the system for the years ending October 31, 1985, and October 31, 1986:

(a) annual maximum demand

(b) average annual demand

(c) coincident peak

(d) non-coincident peak

11. Provide a list of firm power commitments for Kentucky Power from November 1, 1986, through October 31, 1988. (Include the electric company's name, MW and purpose; for example, peaking, emergency, etc.)

(a) purchases

(b) sales

12. Provide the following information for each of Kentucky Power's current coal contracts in excess of 1 year:

(a) annual tonnage requirements

- (b) actual annual tonnage received since the inception of the contract
- (c) percent of annual requirements received
- (d) base price
- (e) total amount of price escalations to date
- (f) current price paid for coal under the contract (d + e)

13. Provide a monthly billing summary for sales to all electric companies for the period November 1, 1984, through October 31, 1986.

14. Provide the following line loss information:

(a) A schedule of the calculation of the 12-month average line loss by month for November 1984 through October 1986.

(b) A discussion of the steps that have been taken to reduce line loss during these periods.

15. Provide a schedule showing the calculation of monthly over- or under-recovery of fuel costs from November 1, 1984, through October 31, 1986.

16. Provide a copy of Kentucky Power's scheduled, actual and forced outages for the 6-month period May 1, 1986, to October 31, 1986.

17. Provide an updated list of all existing fuel contracts categorized as either long-term (more than 1 year duration) or short-term (1 year or less duration) and include the following information for each:

(a) name and address of supplier

- (b) name and location of production facility
- (c) date contract signed
- (d) duration of contract
- (e) date(s) of each contract revision, modification
or amendment

18. Provide a schedule of the present and proposed rates which Kentucky Power seeks to change pursuant to 807 KAR 5:056, shown in comparative form.

19. Provide a statement showing by cross-outs and italicized inserts all proposed changes in rates. A copy of the current tariff may be used.

20. Provide a copy of the coal procurement policy of your company.