

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ORDER APPROVING CERTAIN )  
ACCOUNTING TREATMENT OF AMOUNTS PAID FOR ) CASE NO. 10214  
COAL CONTRACT RELEASE )

O R D E R

On July 13, 1988, Kentucky Industrial Utility Customers ("KIUC") filed a Motion requesting that this case be held in abeyance until such time as the Commission's consultant has issued its report in Case No. 9631, An Investigation Into the Fuel Procurement Practices of Kentucky Utilities Company. KIUC argues that since the consultant's report will address the issue of Kentucky Utilities Company's ("KU") prudence in entering into the 1983 coal supply agreement with Coal Ridge Fuel, Inc. ("Coal Ridge"), that report may directly impact the merits of this case. KIUC further states that since the primary issue in this case is whether KU should be permitted to utilize its fuel adjustment clause to recover approximately \$12.25 million of costs associated with an out-of-court settlement of litigation against Coal Ridge, it is appropriate to await the consultant's report in Case No. 9631.

On July 15, 1988, KU filed its response objecting to KIUC's motion. KU claims that the issue in this case is not the recovery of costs of an out-of-court settlement with a fuel supplier, but

rather the recovery and accounting treatment of a payment for release from a multi-year coal contract. KU argues that the payment was made and the contract terminated to take advantage of expected, quantifiable savings in fuel expense. KU further argues that the contract release payment and its treatment under the fuel clause stands on its own merit, and that any decision in this case will be without prejudice to the final ruling in Case No. 9631.

Based on the evidence of record and being advised, the Commission is of the opinion and hereby finds that the issue in this case is the recovery and accounting treatment of KU's payment to terminate the Coal Ridge contract. This issue is separate and distinct from the prudency issues under consideration in Case No. 9631. The Commission agrees with KU's position that a decision in this case will be without prejudice to the Commission's decision in Case No. 9631. Consequently, good cause does not exist to hold this case in abeyance.

IT IS THEREFORE ORDERED that KIUC's motion to hold this case in abeyance be, and it hereby is, denied.

Done at Frankfort, Kentucky, this 22nd day of July, 1988.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Executive Director