

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 KENTUCKY) CASE NO. 10439
UTILITIES COMPANY FROM)
NOVEMBER 1, 1986 TO OCTOBER 31, 1988)

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, Section 1(12), IT IS HEREBY ORDERED that:

(1) Kentucky Utilities Company ("KU") shall appear at the Commission's offices in Frankfort, Kentucky, on February 9, 1989 at 9:00 A.M., Eastern Standard Time, to submit itself to examination on the application of its Fuel Adjustment Clause from November 1, 1986 to October 31, 1988.

(2) KU shall give proper notice to its customers of the date, time, place, and purpose of the hearing.

(3) The record of case numbers 9733-A, 9733-B and 9733-C, the Commission's semi-annual review of KU's fuel adjustments since November 1, 1986, be and they hereby are incorporated by reference into the record of this case.

(4) KU shall, on or before December 22, 1988, file an original and 10 copies of the information requested in Appendix A with the Commission. Each copy 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. KU 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 its legibility. If the information cannot be provided within the prescribed time, KU should submit a motion for an extension of time, stating the reason a delay is necessary and include a date by which the information will be furnished. Such motion will be considered by the Commission.

Done at Frankfort, Kentucky, this 5th day of December, 1988.

PUBLIC SERVICE COMMISSION

Chairman

Robert M. Davis
Vice Chairman

Spencer H. Williams
Commissioner

ATTEST:

Executive Director

APPENDIX A

1. Select the month to be used as the base period (b). 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 KU can reasonably expect to incur during the next 2-year period.

2. Provide a calculation of the fossil fuel costs F(b) that KU proposes to use in calculating the base period fuel cost. This calculation should show each component of F as defined by 807 KAR 5:056. A detailed explanation of why the fuel cost in the selected base period is representative of the level of fuel cost which KU expects to incur during the next 2-year period should also be provided.

3. Provide a schedule showing each component of sales as defined by 807 KAR 5:056 in the selected base period (b). Give a detailed explanation of the reasons for KU's belief that the sales in the selected base period (b) are representative of the level of KWH sales which KU expects to derive from the level of fuel cost incurred during the selected base period (b).

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

5. Provide KU's most recent projected fuel requirements for the years 1989 and 1990, both in tons and dollars.

6. Provide KU's most recent sales projections for the years 1989 and 1990, 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 KU's generating units for the period November 1, 1988 to October 31, 1990.

10. Provide the following demand information for the system for the years ending October 31, 1987 and October 31, 1988:

- (a) annual maximum demand;
- (b) average annual demand;
- (c) coincident peak; and
- (d) non-coincident peak.

11. Provide a list of firm power commitments for KU from November 1, 1988 through October 31, 1990. (Include the electric company's name, MW and purpose -- for example, peaking, emergency, etc.)

- (a) Purchases
- (b) Sales

12. Provide a monthly billing summary for sales to all electric companies for the period November 1, 1986 through October 31, 1988.

13. Provide the following line loss information:

- (a) A schedule of the calculation of the 12-month average line loss by month for November 1986 through October 1988; and
- (b) A discussion of the steps that have been taken to reduce line loss during these periods.

14. Provide a schedule showing the calculation of monthly over- or under-recovery of fuel costs from November 1, 1986 through October 31, 1988.

15. Provide a copy of KU's scheduled, actual, and forced outages for the 6-month period May 1, 1988 to October 31, 1988.

16. Provide an updated list of all existing fuel contracts categorized as long-term (more than 1 year 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;
- (f) annual tonnage requirements;
- (g) actual annual tonnage received since the inception of the contract;
- (h) percent of annual requirements received;

- (i) base price;
- (j) total amount of price escalations to date; and
- (k) current price paid for coal under the contract
(i + j).

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

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