

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE FUEL)
PROCUREMENT PRACTICES OF KENTUCKY) CASE NO. 9631
UTILITIES COMPANY)

O R D E R

On February 27, 1989, RCG/Hagler, Bailly, Inc. ("Hagler, Bailly") filed, by counsel, a motion seeking authority to file responsive testimony on March 1, 1989. The motion states that Hagler, Bailly has filed an August 15, 1988 Report, entitled Investigation of the Prudence of the Fuel Procurement Practices of Kentucky Utilities Company ("Report"). Subsequent to that filing, Hagler, Bailly has reviewed the prefiled testimony and depositions of the witnesses sponsored by the Attorney General's office, Utility and Rate Intervention Division ("AG"). Based on that review, Hagler, Bailly believes that there are issues that require further examination and responsive testimony.

The AG filed an objection to Hagler, Bailly's motion on the grounds that: 1) the motion does not comply with the procedural schedule previously agreed to by all participants; 2) Hagler, Bailly's testimony is already before the Commission in the form of the Report; 3) since Hagler, Bailly had ample time to investigate and submit its Report, the need for supplemental testimony is an indication of the inadequacy of its original investigation; and 4) the AG will be prejudiced in its trial preparation due to

insufficient time between the filing of responsive testimony and the March 14, 1989 hearing. The AG further states that if Hagler, Bailly is permitted to file responsive testimony, the AG will request 30 days to prepare surrebuttal testimony. Kentucky Utilities Company ("KU") filed, by counsel, a letter objecting to any delay of the hearing and noting that the responsive testimony would not include any new issues but, rather, those addressed by the AG.

Based on the motion, the responses, and being advised, the Commission is of the opinion and hereby finds that Hagler, Bailly should be permitted to file responsive testimony. By Order entered May 1, 1987, the Commission defined the role to be performed by its consultant as follows:

The Commission believes that a consultant is required to provide an independent evaluation of KU's fuel procurement practices. The consultant based on its investigation shall recommend to the Commission whether KU prudently managed its fuel procurement activities and be prepared to defend its recommendation in a public hearing before the Commission.

Clearly, Hagler, Bailly's responsive testimony is within the scope of its obligation to defend its recommendation in a public hearing. While the Commission recognizes that the filing of Hagler, Bailly's responsive testimony comes within 2 weeks of the hearing, that testimony will not raise any new issues. The Commission encourages the AG to use its best efforts to file its surrebuttal testimony by March 15, 1989.

Furthermore, the Commission, on its own motion, finds that the prehearing conference scheduled for March 10, 1989 is not needed and should be cancelled.


IT IS THEREFORE ORDERED that:

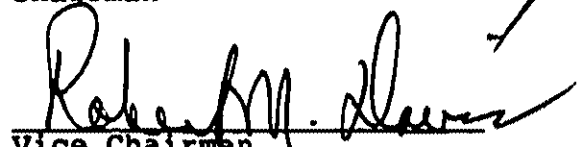
1. Hagler, Bailly's motion to file responsive testimony be and it hereby is granted.

2. The prehearing conference scheduled for March 10, 1989 be and it hereby is cancelled.

Done at Frankfort, Kentucky, this 8th day of March, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director