

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. 9733-B  
UTILITIES COMPANY FROM MAY 1, 1987 )  
TO OCTOBER 31, 1987 )

O R D E R

On March 17, 1988, the Commission issued an Interim Order in this proceeding finding that Kentucky Utilities Company ("KU") had complied with Commission Regulation 807 KAR 5:056 in the calculation and application of its fuel adjustment clause. Issuance of a final Order, however, was deferred pending completion of a formal investigation into KU's fuel procurement practices.<sup>1</sup>

On October 31, 1989, the Commission concluded that investigation finding insufficient "evidence of mismanagement, negligence, or bad faith given the conditions and circumstances at the time the fuel procurement decisions were made" to overcome the presumption of KU's prudence.<sup>2</sup>

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<sup>1</sup> Case No. 9631, An Investigation Into the Fuel Procurement Practices of Kentucky Utilities Company.

<sup>2</sup> Id., Order dated October 31, 1989, at 6. On December 15, 1989, the Commission denied a motion by the Utility and Rate Intervention Division of the Attorney General's Office for reconsideration of this Order. The statutory period to bring an action to vacate or set aside the Commission's Order has passed without any party filing such an action.

Based on the foregoing, the Commission finds that KU has complied in all material respects with the provisions of Commission Regulation 807 KAR 5:056 during the period under review.

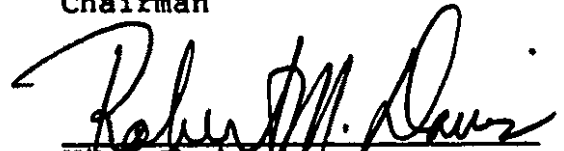
IT IS THEREFORE ORDERED that:

1. The charges and credits billed by KU through its fuel adjustment clause for the period under review are approved.
2. This case is closed.

Done at Frankfort, Kentucky, this 5th day of February, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

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Commissioner

ATTEST:

  
Executive Director