

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 COAL CONTRACT RELEASE)

CASE NO. 10214

O R D E R

On October 7, 1988, the Commission issued an Interim Order in this proceeding finding that the \$14.5 million, approximately \$12.2 million Kentucky jurisdictional, paid by Kentucky Utilities Company ("KU") is in effect a prepayment of fuel costs and, therefore, Commission Regulation 807 KAR 5:056 provides for the recovery of such a prepayment. Issuance of a final Order, however, was deferred pending completion of a formal investigation into KU's fuel procurement practices.¹

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.²

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

² 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.

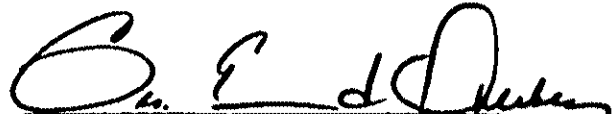
Based on the foregoing, the Commission finds that the amounts collected by KU through the fuel adjustment clause ("FAC") for the amortization of the jurisdictional portion of the \$14.5 million prepayment are no longer subject to refund.

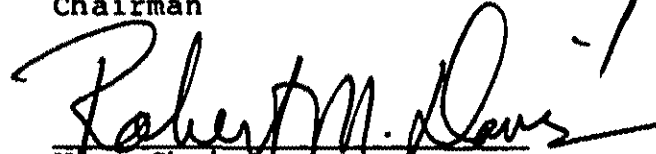
IT IS THEREFORE ORDERED that:

1. The amounts collected by KU through the FAC for this coal contract release are approved.
2. This case is closed.

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

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director