

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S NOTICE)	
OF REDUCTION IN RATES BY ADJUSTMENT OF)	
DECEMBER 1989 DEMAND FOR APPLICATION OF)	CASE NO. 90-021
THE TARIFF RATCHET)	

O R D E R

On January 30, 1990, Big Rivers Electric Corporation ("Big Rivers") filed an application requesting authority to modify the ratchet billing demand for December 1989 for power consumed by each of its four member distribution cooperatives. The adjustment proposed by Big Rivers will result in decreased power bills to its distribution cooperatives over the next 12 months. Big Rivers has requested that the rate reduction be effective on February 1, 1990.

Big Rivers states that as a result of the record cold weather that occurred in December 1989, its system experienced a new record peak demand of 1,177 MW. Big Rivers' billings to its member cooperatives for December 1989, if based on actual demand, would result in a \$3,374,000 increase in purchased power cost. Absent an adjustment of the December 1989 demand billing, one or more of Big Rivers' distribution cooperatives would be unable to meet its mortgage requirements and would be obligated to seek higher retail rates. To eliminate the adverse impact of the December 1989 weather-related demand peak, Big Rivers has proposed

to bill its distribution cooperatives based on the lower of the December or November 1989 demand levels.

Big Rivers' application indicates that its proposal has been approved by its four distribution cooperatives, its major creditors, and its two largest industrial customers. The Attorney General, by and through his Utility Rate and Intervention Division ("AG"), filed a response to Big Rivers' application on January 31, 1990, and a further response on February 1, 1990. The AG states that he has no objection to the rate reduction being proposed by Big Rivers.

Based on the record and being otherwise sufficiently advised, the Commission hereby finds that Big Rivers' application to reduce its rates to its member cooperatives by adjusting the December 1989 billing demand is fully justified and should be approved.

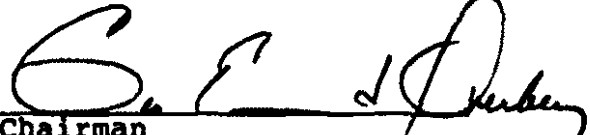
IT IS THEREFORE ORDERED that:

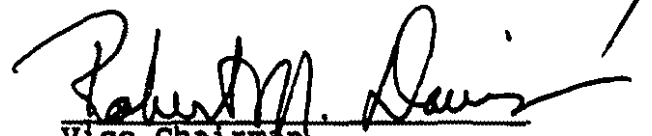
1. Big Rivers be and it hereby is authorized to adjust the December 1989 billing demand for its member cooperatives in accord with the terms of its application.

2. Big Rivers shall file within 30 days of the date of this Order a revised tariff reflecting the billing adjustment approved herein.

Done at Frankfort, Kentucky, this 1st day of February, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director