

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 BIG RIVERS) CASE NO. 90-360
ELECTRIC CORPORATION FROM NOVEMBER)
1, 1988 TO OCTOBER 31, 1990)

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on November 30, 1990 established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Big Rivers Electric Corporation ("Big Rivers") for the 2 years ended October 31, 1990, and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to reestablish its FAC charge.

As part of its review, the Commission ordered Big Rivers to submit certain information concerning, inter alia, its fuel procurement, its fuel usage, and the operation of its FAC. Big Rivers submitted this information on December 21, 1990. A public hearing was held in this case on February 21, 1991, at which Joe Craig, Bill Blackburn, Rich Greenwell, and Ed Dolezal, Big Rivers' officials, testified.

Big Rivers proposed that the month of September 1990 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost [F(b)] and the KWH sales [S(b)] components of its FAC. Big Rivers further proposed that its base

fuel cost be changed to 13.30 mills per KWH. Big Rivers current base fuel cost is 12.95 mills per KWH.

In establishing the appropriate level of base fuel cost to be included in Big Rivers' rates, the Commission must determine whether the proposed base period fuel cost per KWH is representative of the level of fuel cost currently being experienced by Big Rivers. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of September 1990 is a reasonably representative generation month for Big Rivers. The analysis of Big Rivers' monthly fuel clause filings showed that the actual fuel cost incurred for the 2-year period in question ranged from a low of 12.54 mills per KWH in March 1989 to a high of 14.31 mills per KWH in July 1990 with an average cost for the period of 13.29 mills per KWH. Based upon its review, the Commission finds that Big Rivers has complied with Commission Regulation 807 KAR 5:056 and that the base fuel cost of 13.30 mills per KWH should be accepted.

Big Rivers' has one billing cycle, which covers the calendar month. Big Rivers' member cooperatives are billed in the first week of the following month. If Big Rivers' proposed fuel cost of 13.30 mills per KWH became effective for service rendered on and after May 1, 1991, Big Rivers' would bill its customers for service received in the month of May in June using the base fuel cost after roll-in of 13.30 mills per KWH. Billings for service received in April, but not billed until May, would be based on the base fuel cost before roll-in of 12.95 mills per KWH.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Big Rivers' has complied in all material respects with the provisions of 807 KAR 5:056.

2. The test month of September 1990 should be used as Big Rivers' base period for this review.

3. Big Rivers' proposed base period fuel cost of 13.30 mills per KWH should be approved.

4. The establishment of a base fuel cost of 13.30 mills per KWH requires a transfer (roll-in) of .35 mills per KWH from the FAC rate to Big Rivers' base rates and can best be accomplished by an increase in its non-smelter energy rate.

5. The rates and charges in Appendix A are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 12.95 mills per KWH and the new base fuel cost of 13.30 mills per KWH.

6. The rates in Appendix A, attached hereto and incorporated herein, are fair, just and reasonable and should be approved for service rendered on and after May 1, 1991.

7. For service provided at non-smelter delivery points on or after May 1, 1991, Big Rivers should use a FAC rate based on a base fuel cost of 13.30 mills per KWH.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Big Rivers through the FAC for the period November 1, 1988 through October 31, 1990 be and they hereby are approved.

2. Big Rivers' proposed base period fuel cost of 13.30 mills per KWH be and it hereby is approved.

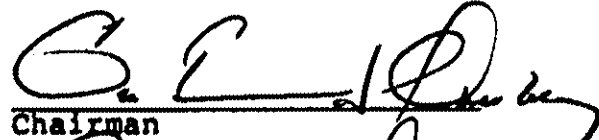
3. The rates and charges in Appendix A are fair, just and reasonable and are approved for service rendered on and after May 1, 1991.

4. For service provided at non-smelter delivery points on or after May 1, 1991, Big Rivers shall use a FAC rate based on a base fuel cost of 13.30 mills per KWH.

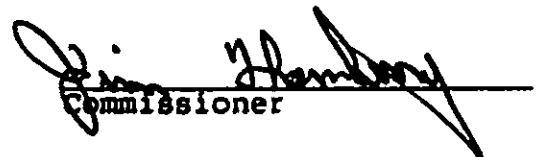
5. Within 30 days from the date of this Order, Big Rivers shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 3rd day of April, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-360 DATED 4/03/91

The following rates and charges are prescribed for Big Rivers Electric Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

For all non-smelter delivery points:

- (1) A Demand Charge of:
All KW of billing demand at \$10.15 per KW.

Plus,

- (2) An Energy Charge of:
All KWH per month at \$.0185006