

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 HENDERSON-)	CASE NO. 90-377-C
UNION RURAL ELECTRIC COOPERATIVE)	
CORPORATION FROM NOVEMBER 1, 1991 TO)	
APRIL 30, 1992)	

INTERIM ORDER

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on June 29, 1992 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Henderson-Union Rural Electric Cooperative Corporation ("Henderson") for the 6 months ended April 30, 1992.

As part of this review, the Commission ordered Henderson to submit certain information concerning its compliance with Commission Regulation 807 KAR 5:056. Henderson has complied with this Order. The Commission further ordered that a public hearing be held in this case but canceled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

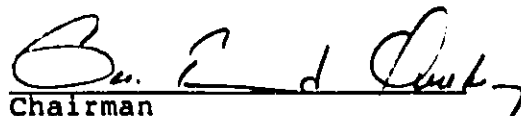
Henderson is a distribution cooperative which purchases its power from Big Rivers Electric Corporation ("Big Rivers"). Over the past two years, the costs of Big Rivers' coal purchases have been at or near the highest of the electric generators regulated by this Commission. This, coupled with the recent disclosure of potential conflicts of interest between former employees of Big

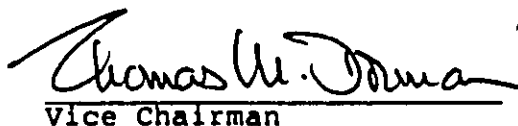
Rivers and one of its coal suppliers, E & M Coal Company, leads the Commission to believe a more indepth investigation of Big Rivers' fuel procurement practices since November 1, 1990 is necessary.¹ Therefore, we make no findings with respect to the operation of Henderson's FAC at this time. A final Order will be issued upon conclusion of the Commission's investigation of Big Rivers' fuel procurement practices.

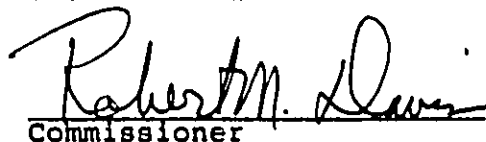
IT IS THEREFORE ORDERED that this docket shall remain open until the Commission has concluded its investigation of Big Rivers' fuel procurement practices.

Done at Frankfort, Kentucky, this 2nd day of December, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

¹ Case No. 90-360-C, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from November 1, 1991 to April 30, 1992, Order dated November 4, 1992.