

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 EAST KENTUCKY) CASE NO. 92-491
POWER COOPERATIVE, INC. FROM NOVEMBER 1,)
1990 TO OCTOBER 31, 1992)

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on December 4, 1992 established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of East Kentucky Power Cooperative, Inc. ("EKPC") for the 2 years ended October 31, 1992, 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 EKPC to submit certain information concerning its fuel procurement, its fuel usage, and the operation of its FAC. EKPC submitted this information on December 18, 1992. A public hearing was held in this case on February 18, 1993 at which Charlene Creager, George Carruba, Jolly Hayden, Hubert Smith, and Randy Dials, EKPC officials, testified.

EKPC proposed that the month of July 1991 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. It further proposed that its base fuel cost

be changed to 12.71 mills per KWH, the actual fuel cost for the proposed base period. EKPC's current base fuel cost is 13.02 mills per KWH.

In establishing the appropriate level of base fuel cost to be included in EKPC's rates, the Commission must determine whether the proposed base period cost per KWH is representative of the level of fuel cost currently being experienced by EKPC. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of July 1991 is a reasonably representative generation month for EKPC. The analysis of EKPC's monthly fuel clause filings showed that the actual fuel cost incurred for the 2-year period in question ranged from a low of 11.38 mills per KWH in April 1992 to a high of 12.71 mills per KWH in July 1991, with an average cost for the period of 12.63 mills per KWH. Based upon this review, the Commission finds that EKPC has complied with Commission Regulation 807 KAR 5:056 and that the proposed base period fuel cost of 12.71 mills per KWH should be approved.

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

1. EKPC has complied with the provisions of 807 KAR 5:056.
2. The test month of July 1991 should be used as EKPC's base period for this review.
3. EKPC's proposed base period fuel cost of 12.71 mills per KWH should be approved.

4. The establishment of a base fuel cost of 12.71 mills per KWH requires a transfer (roll-in) of <.31> mills per KWH from the FAC rate to EKPC's base rates and can best be accomplished by a uniform decrease in all energy rates.

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 13.02 mills per KWH and the new base fuel cost of 12.71 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, 1993.

7. For service provided on or after May 1, 1993, EKPC should use a FAC rate based on a base fuel cost of 12.71 mills per KWH.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by EKPC through the FAC for the period of November 1, 1990 through October 31, 1992 be and they hereby are approved.

2. EKPC's proposed base fuel cost of 12.71 mills per KWH be and it hereby is approved.

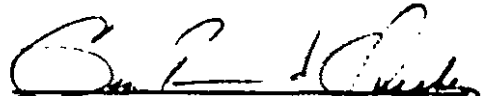
3. The rates and charges in Appendix A are fair, just and reasonable and are approved for service rendered on and after May 1, 1993.

4. For service provided on or after May 1, 1993, EKPC shall use a FAC rate based on a base fuel cost of 12.71 mills per KWH.

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

Done at Frankfort, Kentucky, this 5th day of April, 1993.

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. 92-491 DATED April 5, 1993

The following rates and charges are prescribed for the customers in the area served by East Kentucky Power Cooperative, Inc. 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.

SCHEDULE A

Monthly Rate - Per Load Center

Energy Charge: \$.02365 Per KWH

SCHEDULE E

Monthly Rate

Energy Charge:
Per First 425 Hours KW Billing Demand \$.03154 Per KWH
Per Additional KWH .02365

SCHEDULE B

Monthly Rate

Energy Charge: \$.02365 Per KWH

SCHEDULE C

Monthly Rate

Energy Charge \$.02365 Per KWH

MARKETING RATE

Monthly Rate

Energy Charge: \$.01892 Per KWH