

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. 94-458  
ELECTRIC CORPORATION FROM NOVEMBER 1, )  
1992 TO OCTOBER 31, 1994 )

O R D E R

IT IS ORDERED that Kentucky Industrial Utility Customers ("KIUC") shall file the original and 5 copies of the following information with the Commission within 14 days from the date of this Order, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. Given the impact of the minimum quantity requirements of the coal contracts for the Green and Wilson units on Big Rivers' method of dispatching, how are fuel costs charged to system (jurisdictional) customers affected by the off-system sales made from Big Rivers' lower cost generating units? How does the jurisdictional customers' cost of fuel differ from that incurred in the absence of off-system sales?

2. a. Explain Mr. Taylor's position on "improper discriminatory pricing."

b. Is his position based on jurisdictional differences (i.e., system versus off-system sales)?

c. Is his position based on service categories (i.e., firm versus non-firm sales)?

3. Mr. Taylor suggests that treating non-firm off-system customers differently than Big Rivers' other customer groups is inconsistent.

a. Is this suggestion applicable only to utilities with a dispatching sequence similar to Big Rivers?

b. Is this suggestion generally applicable to the issue of fuel cost allocation?

4. Mr. Taylor concludes that the division of the disallowances ordered in Case No. 90-360-C<sup>1</sup> between jurisdictional and off-system customers, reflecting the relative allocation of total fuel costs, is based "on the supposition that both jurisdictional and off-system customers shared (and continue to share) proportionately in the costs of Plant Wilson's coal." Given that the relative allocation of Big Rivers' total fuel costs reflects the higher costs assigned to jurisdictional customers due, in part, to the manner in which the Wilson unit is dispatched, explain how Mr. Taylor reached this conclusion.

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<sup>1</sup> 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 (July 21, 1994).

5. Provide the written agreements, contracts, or other documents which govern the terms of supplemental, non-firm energy sales to aluminum companies.

6. Supplemental sales have historically been included in the calculation of fuel adjustment factors, both positive and negative. Explain in detail why such sales should be excluded from the calculation of the fuel adjustment credit resulting from the fuel refunds ordered in past cases.

7. Why should Big Rivers' allocation of fuel costs to its jurisdictional customers ignore actual sales and be based instead on the debt restructuring agreement's sales projections?

8. Mr. Klepper states that "Big Rivers' failure to make the anticipated capacity sales should cause no special regulatory treatment to be accorded to the correspondingly anticipated energy sales." What is meant by "special regulatory treatment."

9. Identify the source(s) of the data shown in Exhibit AST 1.2.

10. Refer to Testimony of Alan S. Taylor, page 6, line 12. Provide the computations used to derive the alleged overcharge of \$1.8 million.

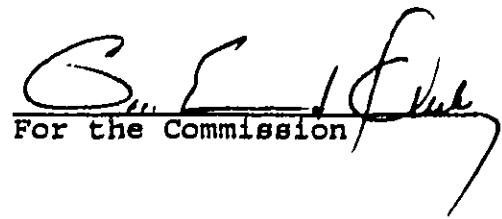
11. What electric utilities average fuel costs and charge the same fuel rate to all customers?

Done at Frankfort, Kentucky, this 27th day of February, 1995.

ATTEST:

PUBLIC SERVICE COMMISSION

  
Executive Director

  
For the Commission