

COMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC)	
CORPORATION'S PURCHASE)	
AND SALES TARIFFS FOR)	CASE NO. 99-354
COGENERATORS AND SMALL)	
POWER PRODUCERS)	

O R D E R

On August 31, 1999, Big Rivers Electric Corporation ("Big Rivers") filed an application requesting Commission approval of two new tariffs setting out the terms, rates, and conditions of service for cogenerators and small power producers. One tariff covers Big Rivers' sales to cogenerators and small power producers; the other covers its purchases from them. Intervening in this proceeding were Kenergy Corp. ("Kenergy") and Meade County Rural Electric Cooperative Corporation, two of Big Rivers' member distribution cooperatives, and Willamette Industries, Inc. ("Willamette"), an industrial customer served by Kenergy. Willamette operates a paper manufacturing complex, which is considering installing a cogeneration facility at its manufacturing site in Hawesville, Kentucky.

The Commission established a procedural schedule providing for two rounds of discovery, an informal conference and a formal hearing. The informal conference was held November 23, 1999, at which time Big Rivers and Willamette indicated they were attempting to negotiate certain terms and conditions pertaining to Willamette's potential cogeneration facility. Big Rivers and Willamette indicated that a formal hearing might

not be necessary and they requested sufficient time to pursue their negotiations. The Commission granted this request and continued the hearing for 90 days from its scheduled date of January 10, 2000. The Commission also required that Big Rivers and Willamette file a joint status report on their negotiations.¹

Joint status reports were filed in March, April, May, and June 2000, all indicating that negotiations were progressing but no final agreement had been reached. After receipt of the fourth such report, the Commission, on June 19, 2000, directed Big Rivers to show cause why this case should not be terminated without prejudice to the tariffs being refiled upon conclusion of the negotiations. Big Rivers responded by filing a motion to amend its tariff for sales to cogenerators and small power producers. The amendment would modify the "Availability" section of the sales tariff by limiting it to only those cogenerators and small power producers with a net output of less than 5,000 KW. With this modification, all cogenerators and small power producers with net output of 5,000 KW or greater would purchase backup power under special contract with Big Rivers and the applicable distribution cooperative.

Big Rivers stated that the amendment eliminates Willamette's concerns about the terms of the proposed sales tariff since Willamette's cogeneration facility will exceed the 5,000 KW threshold included in the amendment. Big Rivers also stated that the amendment should allow the Commission to approve the proposed tariffs without any need to further continue this proceeding due to the ongoing negotiations with Willamette. Willamette filed a response in support of Big Rivers' amended tariffs since

¹ Case No. 99-354, Order dated January 6, 2000.

its service arrangements with Big Rivers would be subject to a special contract, rather than the tariffs as amended.

Based on the evidence of record, the Commission finds that Big Rivers' proposed tariffs, with the amendment to the "Availability" section of its sales tariff for cogenerators and small power producers, are reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Big Rivers' proposed tariffs for sales to, and purchases from, cogenerators and small power producers, as amended by Big Rivers' filing of June 26, 2000, are approved for service effective on and after the date of this Order.

2. Big Rivers shall file its amended tariffs for sales to, and purchases from, cogenerators and small power producers reflecting the effective date as ordered herein within 20 days from the date of this Order.

3. Big Rivers shall file a report on the status of its member distribution cooperatives' preparation of their respective tariffs reflecting their terms for sales to, and purchases from, cogenerators and small power producers consistent with the tariffs approved herein for Big Rivers. Big Rivers shall file the report with its tariffs to be filed within 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 20th day of July, 2000.

By the Commission

ATTEST:

Deputy W^m H. Fowler
Executive Director