

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)	CASE NO. 2000-496
KENTUCKY POWER COOPERATIVE,)	
INC. FROM NOVEMBER 1, 1998 TO)	
OCTOBER 31, 2000)	

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on December 12, 2000 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of East Kentucky Power Cooperative, Inc. ("EKPC") for the two years ended October 31, 2000 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 this review, the Commission ordered EKPC to submit certain information concerning its fuel procurements, its fuel usage, and the operation of its FAC. EKPC submitted this information on January 19, 2001. A public hearing was held in this case on February 8, 2001 at which Jerry Bordes, George Carruba, Randy Dials, and Bennett Hastie, EKPC officials, testified.

EKPC proposed that the month of July 1998 be retained 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 continued as 13.29 mills per KWH, the actual fuel cost for the proposed base period.

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 1998 is a reasonably representative generation month of EKPC. The analysis of EKPC's monthly fuel clause filings showed that the actual fuel cost incurred for the two-year period in question ranged from a low of 10.75 mills per KWH in February 1999 to a high of 14.36 mills per KWH in July 1999, with an average cost for the period of 12.50 mills per KWH. Based upon this review, the Commission finds that the proposed base period fuel cost of 13.29 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 807 KAR 5:056 during the period from November 1, 1998 to October 31, 2000.
2. The test month of July 1998 should be used as EKPC's base period for the period from November 1, 2000 to October 31, 2002.
3. EKPC's proposed base period fuel cost of 13.29 mills per KWH should be approved.

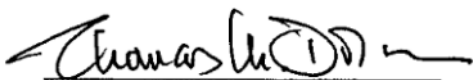
IT IS THEREFORE ORDERED that:

1. The charges and credits applied by EKPC through the FAC for the period November 1, 1998 to October 31, 2000 are approved.
2. EKPC's proposed base fuel cost of 13.29 mills per KWH is approved.

Done at Frankfort, Kentucky, this 15th day of March, 2001.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas M. Dixon", written over a horizontal line.

Executive Director