

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO. 2000-497  
UTILITIES COMPANY FROM NOVEMBER 1, 1998 TO )  
OCTOBER 31, 2000 )

COMMISSION STAFF'S INTERROGATORIES AND REQUESTS  
FOR PRODUCTION OF DOCUMENTS TO  
KENTUCKY UTILITIES COMPANY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kentucky Utilities Company ("KU") file the original and 8 copies of the following information with the Commission within 14 days from the date of this request, with a copy to all parties of record. Each copy of the information 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 copies material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Provide invoices for all power purchases that KU made during the months of May and August 2000.
2. Refer to KU's monthly Form B reports to the Commission.

a. List the name and address of each vendor that supplied power to KU for the period from January 1, 2000 through October 31, 2000.

b. For each supplier listed in Item 2(a), state whether that supplier provided KU with the fuel cost portion of the energy purchase.

c. For each supplier listed in Item 2(a) who did not provide the fuel cost portion of the energy purchase, state whether KU requested this information. Provide KU's request for information regarding the fuel cost portion of its purchase and all responses to such requests(s).

3. Describe how KU determines if a power purchase is made on an economic dispatch basis.

4. Does KU routinely request that its purchase power vendors provide the fuel cost portion of their power purchases? If no, why not?

5. How does KU report the fuel cost portion of its power purchases when its fuel suppliers fail or refuse to supply fuel cost data?

6. a. State whether KU agrees with the following statement: "KU's present fuel adjustment accounting procedures assume that each of its economy energy purchases contains no capacity or demand charges and is subject to recovery through KU's fuel adjustment clause."

b. If KU disagrees with the statement, explain why.

7. a. How long have KU's present fuel adjustment accounting procedures for economy energy purchases been in effect? When did it implement these procedures?

b. How did KU previously report the fuel cost portion of its power purchases when its fuel suppliers failed or refused to supply fuel cost data?

c. (1) Explain why KU changed its fuel adjustment clause accounting procedures.

(2) Provide all correspondence, internal memoranda, and other documents in which the change in fuel adjustment clause accounting procedures was discussed or mentioned.

(3) Identify the KU officials who made the decision to change fuel adjustment clause accounting procedures or participated in that decision.

8. a. Explain why an electric utility's presumption that each of its economy energy purchases contains no capacity or demand charges is reasonable.

b. Explain how such presumption is consistent with Administrative Regulation 807 KAR 5:056.

9. Explain why the Commission should permit the recovery through the uniform fuel adjustment clause of the cost of power purchases in which the electric utility is unable to demonstrate with some certainty the fuel cost portion of its power purchases.

10. a. Is it KU's position that references in Administrative Regulation 807 KAR 5:056 to demand and capacity charges associated with energy purchases are outdated as a result of recent structural changes to the wholesale energy market?

b. If yes, describe the revisions, if any, that are needed to make Administrative Regulation 807 KAR 5:056 current with the present structure of the wholesale energy market.

11. At the hearing of February 9, 2001, William A. Bosta testified that KU had been using its present fuel adjustment accounting procedures for “a number of years” and that KU had made the Commission aware of its present fuel adjustment accounting procedures. (Transcript of 2/9/2001 Hearing at 47 – 48). Provide all documents that form the basis of Mr. Bosta’s statement that the Commission was aware of KU’s fuel adjustment accounting procedures.



---

Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Post Office Box 615  
Frankfort, Kentucky 40602-0615

DATED: 5/30/01

cc. Parties of Record