## COMMONWEALTH OF KENTUCKY

## BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

## AN EXAMINATION OF THE APPLICATION OF THE) FUEL ADJUSTMENT CLAUSE OF BIG RIVERS ) ELECTRIC CORPORATION FROM NOVEMBER 1, ) CASE NO. 2012-00555 2010 THROUGH OCTOBER 31, 2012 )

## <u>ORDER</u>

Pursuant to 807 KAR 5:056, the Commission, on February 13, 2013, established this case to review and evaluate the operation of the Fuel Adjustment Clause ("FAC") of Big Rivers Electric Corporation ("Big Rivers") for the period from November 1, 2010 through October 31, 2012, and to determine the amount of fuel costs that should be transferred (rolled-in) to its base rates to re-establish its FAC factor.

In establishing this review, the Commission ordered Big Rivers to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. Big Rivers submitted this information on February 28, 2013 and responded to a second data request on March 28, 2013. A public hearing was held on April 9, 2013. On April 16, 2013, Big Rivers filed a post-hearing data response to a question asked at the hearing. There are no intervenors in this proceeding.

Big Rivers' current base fuel cost is 20.932 mills per kWh based on the month of October 2010. Big Rivers proposes that, based on its review of past and current fuel costs, the current base fuel cost of 20.932 mills per kWh should remain unchanged.

In establishing the appropriate level of base fuel cost to be included in Big Rivers' 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 Big Rivers. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of October 2010 is a reasonably representative generation month of Big Rivers. The analysis of Big Rivers' monthly fuel clause filings showed that the fuel cost billed for the review period ranged from a low of 19.069 mills per kWh to a high of 24.522 mills per kWh, with an average cost billed for the period of 22.485 mills per kWh. Based upon this review, the Commission finds that Big Rivers has complied with 807 KAR 5:056 and that the base period fuel cost of 20.932 mills per kWh should remain in effect.

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

1. During the period under review, Big Rivers has complied with the provisions of 807 KAR 5:056.

2. The month of October 2010 should be used as Big Rivers' base period for this review.

3. Big Rivers' current base period fuel cost of 20.932 mills per kWh should remain in effect.

4. The continued use of the base fuel cost of 20.932 mills per kWh requires no transfer to Big Rivers' base rates.

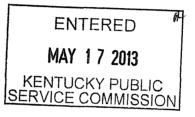
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IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Big Rivers through the FAC for the period November 1, 2010 to October 31, 2012 are approved.

2. Big Rivers' continued use of the existing base fuel cost of 20.932 mills per kWh is approved.

By the Commission



ATTE Exed Director

Billie J Richert CFO, VP Accounting, Rates Big Rivers Electric Corporation 201 Third Street Henderson, KY 42419-0024