

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE)
FUEL ADJUSTMENT CLAUSE OF KENTUCKY) CASE NO. 8058
POWER COMPANY PURSUANT TO 807 KAR)
5:056E, SECTIONS 1(11) AND (12))

O R D E R

On April 2, 1981, Kentucky Power Company (Company) filed its Application for Rehearing in the above case. The Company seeks a rehearing on the issue of under-recovery of fuel costs resulting from the November 1978 roll-in of fuel costs to base rates.

The Application alleges an under-recovery of \$735,166, the same allegation contained in the testimony and exhibits of Company witnesses Via and D'Onofrio. The Application also reasserts that the roll-in of fuel costs in 1978 resulted in the under-recovery. In its Order entered March 13, 1981, the Commission addressed this issue in detail. There was and is no question as to how the \$735,166 was calculated. The Commission in its Order, however, found that the assumption upon which the calculation is based is invalid. The Commission further found that the error in the Company's calculation would, if corrected, reduce significantly or eliminate the Company's claimed under-recovery of fuel costs.

The Commission having considered the Application for Rehearing, reviewed the record and its Order entered March 13, 1981, and being advised, is of the opinion and finds that:

1. The Company incurred an under-recovery of fuel costs of approximately \$273,842 as a result of the November 1978 roll-in of fuel costs to base rates as demonstrated by calculations set forth in Appendix "A" attached hereto and made a part hereof; however, the exact volume of October 1978 kilowatt hour sales billed in November 1978 (Item 3a of Appendix "A") is not known, and the Company shall file this information (by billing cycles) with the Commission.

2. In the event the Company accepts the calculations set forth in Appendix "A" it shall file with the Commission a proposed surcharge to recover unrecovered fuel costs in the amount of \$273,842, or the amount specified by the Commission after receipt of the information set forth in finding No. 1.

3. In the event the Company does not accept the calculations set forth in Appendix "A", or the amount specified by the Commission after receipt of the information set forth in finding No. 1, the Application for Rehearing shall be granted to consider the issue of the exact amount of under-recovery of fuel costs.

IT IS THEREFORE ORDERED That Kentucky Power Company shall file with the Commission by April 27, 1981, the October 1978 kilowatt hour sales billed in November 1978 (by billing cycles).

IT IS FURTHER ORDERED That the Application for Rehearing be and it hereby is granted and this case be and it hereby is set for hearing on May 13, 1981, at 1:30 p.m., Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky, said hearing to be cancelled in the event Kentucky Power Company submits to the Commission a proposed surcharge in accordance with finding No. 2.

Done at Frankfort, Kentucky, this 17th day of April, 1981.

PUBLIC SERVICE COMMISSION

Martin M. Vohs
Chairman

Kathleen Sanders
Vice Chairman

D. M. Harvill
Commissioner

ATTEST:

Secretary

ANALYSIS OF (OVER) OR UNDER RECOVERY OF FUEL COST RESULTING FROM IMPLEMENTATION OF THE STANDARD FUEL CLAUSE IN NOVEMBER, 1978

Fuel Cost in Excess of Base Cost

a. September - 78	\$853,414 ^{1/}		1/ Via Exhibit I, Line (c) Column (3)
b. October - 78	<u>913,532^{2/}</u>		2/ Via Exhibit I, Line (c) Column (b)

c. Total Recoverable Fuel Cost (Sum of 1a & 1b) \$1,766,946

Recovery of September Fuel Cost:

September Fuel Adj. Rate of .00283 on Old Base of .00879	\$ 13,352 ^{3/}		3/ Via Exhibit I, Col. (9)
a. Billed to Cycle Nos. 1 through 3 in November	310,757 ^{4/}		4/ Via Exhibit I, Col. (6)
b. Billed to Cycle Nos. 4 through 21 in October	475,260 ^{5/}		5/ Via Exhibit I, Col. (6)
c. Billed to Cycle Nos. 91 through 95 in October			
September Fuel Adj. Rate of .00062 on New Base of .01205	<u>10,804^{6/}</u>		6/ Via Exhibit I, Col. (9)
d. Billed to Cycle Nos. 91 through 94 and 01 in November			
e. Total Recovery of September Fuel Cost (Sum of 12a thru 2d)		910,173	

Recovery of October Fuel Cost:

October Fuel Adj. Rate of .00305 on Old Base of .00879	\$ 70,036 ^{7/}		7/ Via Exhibit I, Col. (9)
a. Billed to Cycle Nos. 4 through 21 in November			
October Fuel Adj. Rate of .00015 on New Base of .01205	51,572 ^{8/}		8/ Via Exhibit I, Line (D), Col. (12)
b. Billed to all cycles in December			
c. October sales billed in November	156,380,595		9/ Via Exhibit I, Line (D), Col. (7)
(312,761,189 ^{9/} x 50%)			
d. Base Cost Prior Fuel Clause	.00879 ^{10/}		10/ Via Exhibit I, Col. (2)
e. Base Cost New Fuel Clause	<u>.01174^{11/}</u>		11/ Via Exhibit I, Col. (2)

f. October Fuel Cost Recovered
in New Base Cost Billed in
November (L3d less L3e) .00295

g. October Fuel Cost Recovered on
October Sales Billed in November
(Line 3c x Line 3f) 461,323

h. Total Recovery of October Fuel Cost (Sum of
L3a, L3b, & L3g) \$ 582,931

Total Recovery of September & October Fuel Cost
(Sum of 2e & 3h) 1,493,104

Net Over (Under) Recovery (11c less L4) \$ (273,842)