

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S (1))
NOTICE OF CHANGES IN ITS RATES AND FUEL)
ADJUSTMENT CLAUSE BASE FOR ELECTRICITY)
SOLD TO MEMBER COOPERATIVES, AND (2))
APPLICATION FOR AUTHORITY TO ISSUE)
NOTES OR OTHER EVIDENCES OF INDEBTED-)
NESS, AND (3) APPLICATION FOR APPROVAL)
OF SALE AND LEASE-BACK OF ITS D. B.)
WILSON STATION GENERATING UNIT 1 AND)
ASSOCIATED FACILITIES)

CASE NO.
9006

and

In the Matter of:

THE APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR AN ORDER AUTHORIZING IT)
TO (a) BORROW \$1,110,740,000.00 FROM)
THE UNITED STATES OF AMERICA THROUGH)
THE RURAL ELECTRIFICATION ADMINISTRA-)
TION OR THE FEDERAL FINANCING BANK OR)
OTHER ELIGIBLE LENDER UNDER 12 U.S.C.)
SEC. 2285(b), AND TO (b) ISSUE)
APPROPRIATE EVIDENCE OF INDEBTEDNESS)
TO SECURE THAT DEBT)

CASE NO.
7990

ORDER

IT IS ORDERED that the Attorney General's Office shall file an original and 12 copies of the following information with the Commission by October 5, 1984, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets is

required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. If neither the requested information nor a motion for an extension of time is filed by the stated date, the testimony may be stricken.

1. Provide an in-depth explanation of how the Commission's Order of July 7, 1983, supports Mr. Larkin's contention that Big Rivers improperly computed the fuel adjustment clause in the month of July, 1983. Prepare a schedule similar to Exhibit HL-1 Schedule 2 supporting your explanation. Show supporting work-papers in good form.

2. Did Mr. Larkin consider the effects of billing lags and fluctuating sales volumes when matching fuel costs and fuel revenues during the test year? If not, why not?

3. Does Mr. Larkin's Exhibit HL-1 Schedule 3 constitute a true matching of fuel costs and fuel revenues during the test year? If so, explain why.

4. If normalized revenues are reduced by \$1.3 million as suggested by Mr. Larkin, wouldn't that increase the amount of the revenue increase needed to cover the revenue requirement? If not, why not? Show supporting computations in good form.

Done at Frankfort, Kentucky, this 26th day of September, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Heman
For the Commission

ATTEST:

Secretary