

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 ADJUST-)
MENT CLAUSE OF BIG RIVERS) CASE NO. 9170-B
ELECTRIC CORPORATION)
FROM MAY 1, 1985,)
TO OCTOBER 31, 1985)

O R D E R

Pursuant to 807 KAR 5:056, Section 1(11), the Commission issued its Order on December 6, 1985, scheduling a hearing and requiring Big Rivers Electric Corporation ("Big Rivers") to provide a record of scheduled, actual and forced outages, and a calculation of over- or under-recovery of fuel costs for the 6-month period under review.

Big Rivers provided the data requested by the Commission's Order of December 6, 1985. Big Rivers also filed its monthly fuel adjustment filings for the 6-month period under review. Following proper notice, a hearing was held on January 28, 1986. At the hearing, additional information was requested and supplied by Big Rivers within the allocated time limit.

The sole intervenor in this case was the Consumer Protection Division of the Attorney General's Office ("AG"). The AG did not offer testimony and on cross-examination did not challenge the level of actual fuel cost included in Big Rivers' monthly fuel filings.

In its Order issued on May 8, 1985, the Commission fixed Big Rivers' base fuel cost at 14.60 mills per KWH. The Commission's review of Big Rivers' monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 14.09 mills in August 1985 to a high of 15.1 mills in May 1985 with a 6-month average of 14.62 mills. The Commission's review of the record in this case, the coal market conditions during this period and the data filed in support of the fuel adjustment clause rates indicate that the actual fuel costs included in the monthly fuel adjustment clause filing were reasonable.

The Commission has noted, with pleasure, the efforts of Big Rivers to renegotiate 3 coal contracts to substantially lower prices, thus creating savings to ratepayers over the next several years.

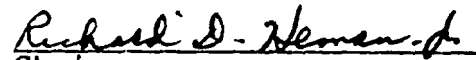
The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

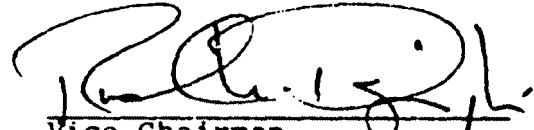
1. Big Rivers has complied in all material respects with the provisions of 807 KAR 5:056.

IT IS THEREFORE ORDERED that the charges and credits billed by Big Rivers through the fuel adjustment clause for the period May 1, 1985, through October 31, 1985, be and they hereby are approved.

Done at Frankfort, Kentucky, this 8th day of April, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary