

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

POWER DEVELOPMENT SYSTEMS, INC.)	
COMPLAINANTS)	
)	
vs.)	CASE NO. 9456
)	
KENTUCKY UTILITIES COMPANY)	
DEFENDANT)	

O R D E R

On October 6, 1986, Kentucky Utilities Company ("KU") petitioned the Public Service Commission ("Commission") for reconsideration and clarification of its September 11, 1986, Order in this proceeding. KU requested authority to attach a magnetic tape recording meter to Weisenberger Mill's generator for the purpose of gathering demand, energy and reactive output data. This data would be used by KU to assist it in developing appropriate backup rates in future proceedings. KU indicated that it would assume all costs associated with the purchase, installation, maintenance and reading of the meter.

On October 10, 1986, Power Development Systems ("PDS") responded to KU's application. PDS contends that the Commission should reject KU's application because PURPA does not grant KU authority ". . .to place or require any equipment on the QF's property beyond safety and protection equipment and required metering equipment." Further, PDS argues that the information will be of little value because of the uniqueness of Weisenberger

Mill's operating characteristics and that KU will use the data to harass Weisenberger by increasing its legal costs. Finally PDS asserts that the proposed meter is not in the best interest of KU's ratepayers.

In addition to its response to KU's application, PDS requested rehearing on three other issues. First, PDS contends that it is unclear what rate structure will apply to a Qualifying Facility ("QF") that needs to purchase power for short falls in its own generation. Second, PDS requests that the Commission affirm that a QF has capacity value whether or not it has 100 percent availability. Finally, PDS requests that the Commission rule that forced outages due to fuel shortages are not grounds for denying QFs a capacity component in their rates. On October 16, 1986, KU filed a Motion to Strike PDS' Application for Rehearing. KU stated that the PDS request was untimely under KRS 278.400 and raised issues unrelated to the issues in the KU application for rehearing.

The Commission in reviewing KU's application is of the opinion that it has the authority under section 292.308 of FERC rule 69 to permit metering of QF production. However, the Commission continues to be of the opinion that the cost of a magnetic tape recording meter, installation, maintenance, reading it and developing a true cost-based backup rate is not economically feasible and will not be unless there is an expansion of the number of QFs. If at some point in the future, for planning and other purposes, load and capacity research projects for QFs are necessary, the Commission will authorize it at that time. Until

then, the Commission is of the opinion and finds that KU's application for rehearing is not based on sound economics and is therefore denied. As to PDS' application for rehearing, KRS 278.400 states:

. . .any party to the proceedings may, within twenty (20) days after the service of the order upon him, apply for a hearing with respect to any of the matters determined.

Since PDS' application for rehearing has not been filed in a timely manner, the Commission will not consider it in this proceeding and will therefore grant KU's Motion to Strike.

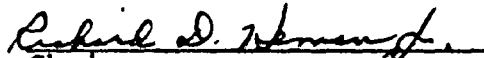
Having considered KU's application, PDS's application and KU's Motion to Strike, and being advised,

IT IS THEREFORE ORDERD that:

1. KU's application for rehearing be and it hereby is denied.
2. KU's Motion to Strike be and it hereby is granted and therefore PDS' application for rehearing be and it hereby is denied.

Done at Frankfort, Kentucky, this 17th day of October, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner