

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC)
SERVICE COMMISSION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF) CASE NO. 9173-C
KENTUCKY UTILITIES COMPANY)
FROM NOVEMBER 1, 1985, TO)
APRIL 30, 1986)

O R D E R

On October 17, 1986, Kentucky Utilities Company ("KU") submitted its response to the Commission's Order dated September 17, 1986, in the above styled case.

In its response KU outlined its current transportation strategies for the Ghent Plant by unit as follows: For Ghent 1, from Amax Mines in Indiana by rail to the Yankeetown Dock on the Ohio River, then by barge to Ghent; for Ghent 2, from Coal Ridge Mines in Eastern Kentucky by rail to the Clean Coal Terminal ("CCT") then by barge to Ghent; for Ghent 3, from South East Coal Company by rail to a wash plant, by rail to one of three river terminals, CCT, Maysville or Licking River, then by barge to Ghent; for Ghent 4, spot market coal moves via a combination of rail, truck, transloader and barge to Ghent.

The Commission stated in its Order entered September 17, 1986, in Case No. 9173-C that,

KU should study the Clean Coal situation very carefully before entering another long-term contract for coal unloading and report to the

Commission...in advance - its reasons for either extending the Clean Coal contract or constructing its own coal unloading facility.

KU should provide preliminary cost figures of the various courses of action proposed in its response to the Commission's Order in Case No. 9173-C prior to the negotiation of any new contract, and should also provide justification for its decision. Such new contract will be subject to Commission approval.

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

(1) KU should advise the Commission on a monthly basis of its progress in renegotiating rail/barge transloading contracts.

(2) KU should provide the Commission with preliminary cost figures of the various courses of action proposed in KU's response of October 17, 1986.

(3) Any new contract should be subject to the Commission's approval.

IT IS THEREFORE ORDERED that:

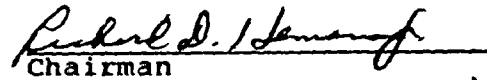
(1) KU shall submit monthly reports of its progress in renegotiating rail/barge transloading contracts and estimated cost savings, beginning February 6, 1987.

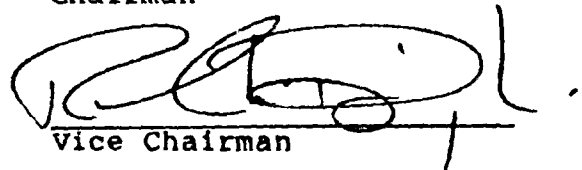
(2) KU shall provide to the Commission preliminary cost figures of the courses of action proposed in KU's response of October 17, 1986, on a monthly basis, beginning February 6, 1987.

(3) Any new contract shall be subject to the Commission's approval.

Done at Frankfort, Kentucky, this 16th day of January, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director