

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HENDERSON UNION)
ELECTRIC COOPERATIVE CORPORATION) CASE NO. 97-220
FOR A DECREASE OF EXISTING ELECTRIC)
RATES)

O R D E R

The Attorney General ("AG") has moved to compel Henderson Union Electric Cooperative Corporation's ("Henderson Union") response to his information request of September 22, 1997 and to amend the procedural schedule in this matter. Henderson Union has submitted a response in opposition to the motion. Finding the AG's requests are designed to solicit relevant material and are not unduly burdensome, we grant the motion.

On September 22, 1997, the AG in accordance with the Commission's Order of September 8, 1997, served requests for information upon Henderson Union. The AG sought, inter alia, information regarding Henderson Union's actual expenses during the test period and prior periods. Arguing that the requested information was not relevant to the current proceeding because it sought only to pass any rate reductions which it received from its wholesale power supplier, Henderson Union objected to most of these requests.

The AG then moved to compel production of the requested material. In support of his motion, the AG argues that his questions, including those regarding the appropriateness of Henderson Union's current Times Interest Earnings Ratio, are

relevant and deal with cost allocation and general rate issues. In response, Henderson Union contends that the AG's requests will unduly complicate this proceeding, will require considerable time and resources to prepare responses and that no reasonable basis exists to suggest that Henderson Union's rates are unreasonable. Henderson Union suggests that, at the conclusion of this proceeding, the AG may file a complaint pursuant to KRS 278.260 if he believes that Henderson Union's rates are unreasonable.

Having reviewed the disputed requests for information, the Commission finds that none are unreasonable or irrelevant to the issues presented by Henderson Union's application. The request addresses issues that are basic to the review of proposed rates. Contrary to Henderson Union's assertion, the application before the Commission is an application for a general rate adjustment. The burden of demonstrating the reasonableness of the proposed rates falls on the applicant. KRS 278.190(3). The AG is within his rights to request information to test the reasonableness of those rates.

Accordingly, the Commission **HEREBY ORDERS** and **COMPELS** Henderson Union to respond no later than November 14, 1997 to Request Nos. 16, 17, 19, 20, 39 through 41, 43, 44, 48 through 56, 58 through 65, 67 through 96, 98 through 109, 114, 118 through 121, and 123. The Commission **FURTHER ORDERS** that the procedural schedule set forth in the Commission's Order of September 19, 1997 is vacated and replaced with the procedural schedule set forth in the Appendix to this Order.

Done at Frankfort, Kentucky, this 5th day of November, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 97-220 DATED 11/5/97

Henderson Union shall mail or deliver responses to
the AG's requests for information no later than 11/14/97

All supplemental requests for information to Henderson Union
shall be due no later than 11/26/97

Henderson Union shall mail or deliver responses to
supplemental requests for information no later than 12/08/97

Intervenor testimony, if any, shall be
filed in verified prepared form no later than 12/19/97

All requests for information to
Intervenors shall be due no later than 12/31/97

Last day for Henderson Union to publish notice
of hearing date 01/08/98

Intervenors shall mail or deliver responses
to requests for information no later than 01/12/98

Public Hearing is to begin at 9:00 a.m., Eastern
Standard Time, in Hearing Room 1 of the Commission's
offices at 730 Schenkel Lane, Frankfort, Kentucky,
for the purpose of cross-examination of witnesses 01/15/98