

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 BIG RIVERS)	CASE NO. 96-521-B
ELECTRIC CORPORATION FROM)	
MAY 1, 1997 TO SEPTEMBER 1, 1997)	

O R D E R

Pursuant to Commission Regulation 807 KAR 5:056, the Commission on December 11, 1997 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Big Rivers Electric Corporation ("Big Rivers") for the 4 months ended September 1, 1997.¹

As part of this review, Big Rivers, pursuant to Commission Order, submitted certain information concerning its compliance with Commission Regulation 807 KAR 5:056. A public hearing was held on February 19, 1998.

Following the hearing in this matter, Big Rivers moved to stay the proceedings in this case and dismiss them with prejudice following the implementation of Big Rivers'

¹ Effective September 2, 1997, Big Rivers eliminated its FAC from its filed rate schedules. Accordingly the period of review is shorter than the 6 month review period provided in Commission Regulation 807 KAR 5:056, Section 1(11). The Commission subsequently approved the permanent elimination of a FAC from Big Rivers' filed rates. See Case No. 97-204, The Application of Big Rivers Electric Corporation, Louisville Gas and Electric Company, Western Kentucky Energy Corporation, Western Kentucky Leasing Corporation, and LG&E Station Two, Inc. for Approval of Wholesale Rate Adjustment for Big Rivers Electric Corporation and for Approval of Transaction, Order of August 29, 1997 (approving interim elimination of FAC); Order of April 30, 1998 (approving final rate schedules that did not include a FAC). With the issuance of today's Order, no further FAC reviews involving Big Rivers will be required.

Plan of Reorganization ("Plan").² In support of its motion, Big Rivers states that upon the Plan's effective date all claims to refunds arising from the operation of its FAC will be discharged and this proceeding will be rendered moot. Regardless of the Plan's effect on creditor claims, however, the Commission's statutory obligation to review the operation of Big Rivers' FAC continues. Accordingly, the Commission finds that Big Rivers' Motion should be denied. The Commission has previously established Big Rivers' base fuel cost of 12.62 mills per Kwh.³ A review of Big Rivers' monthly fuel clause filings shows that the actual fuel cost incurred for the 4-month period under review ranged from a low of 10.26 mills in June 1997 to a high of 10.58 mills in August 1997, with a 4-month average of 10.39 mills.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds no evidence of improper calculation or application of Big Rivers' FAC charge or improper fuel procurement practices.

IT IS THEREFORE ORDERED that:

1. Big Rivers' Motion for Stay and Dismissal of Proceedings is denied.
2. The charges and credits billed by Big Rivers through its FAC for the period May 1, 1997 to September 1, 1997 are approved.
3. This proceeding is closed and shall be removed from the Commission's docket.

² In Re Big Rivers Electric Corporation, No. 96-41168 (Bankr. W.D. Ky. June 1, 1998).

³ Case No. 94-458, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of Big Rivers Electric Corporation from November 1, 1992 to October 31, 1994 (March 5, 1996).

Done at Frankfort, Kentucky, this 5th day of August, 1998.

PUBLIC SERVICE COMMISSION

B. J. Helton
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:
[Signature]
Executive Director