

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENERGY CORP. FOR A)	
GENERAL ADJUSTMENT IN EXISTING RATES)	CASE NO. 2000-395
(RATE REDUCTION))	

ORDER

On August 18, 2000, Kenergy Corp. ("Kenergy") applied for a rate adjustment pursuant to Administrative Regulation 807 KAR 5:001, Section 10, to flow through a proposed rate reduction of Big Rivers Electric Corporation, its wholesale power supplier. Kenergy requested that the required notice period for the proposed rate be reduced to 13 days¹ and that the proposed rate reduction become effective on September 1, 2000 or, in the alternative, be suspended for one day and then take effect subject to change. Kenergy also requested deviations from certain filing requirements specified in Administrative Regulation 807 KAR 5:001, Section 10.

¹ KRS 278.180 provides:

(1) Except as provided in subsection (2) of this section, no change shall be made by any utility in any rate except upon thirty (30) days' notice to the commission, stating plainly the changes proposed to be made and the time when the changed rates will go into effect. However, the commission may, in its discretion, based upon a showing of good cause in any case, shorten the notice period from thirty (30) days to a period of not less than twenty (20) days. The commission may order a rate change only after giving an identical notice to the utility. The commission may order the utility to give notice of its proposed rate increase to that utility's customers in the manner set forth in its regulations.

(2) The commission, upon application of any utility, may prescribe a less time within which a reduction of rates may be made.

Having considered the application and being otherwise sufficiently advised, the Commission finds that Kenergy's requests for deviation from the filing requirements of Administrative Regulation 807 KAR 5:001, Section 10, and for a shortened notice period should be granted. The Commission notes that, while Kenergy has not submitted a cost-of-service study in support of its application, it has acknowledged its obligation to submit such study and represents that such study shall be submitted no later than January 4, 2001. The Commission further notes that Kenergy's published notice does not include the present and proposed rates for each customer class to which the proposed rates would apply and therefore does not conform with Administrative Regulation 807 KAR 5:001, Section 10(3)(b). Rather than reject Kenergy's application for this filing deficiency and delay the implementation of the proposed rate adjustment, the Commission will require Kenergy to republish its notice in accordance with that regulation.

The Commission further finds that further proceedings are necessary to determine the reasonableness of the proposed rates and that such proceedings cannot be completed prior to September 1, 2000. In such circumstances, the Commission typically suspends the proposed rates for the maximum period of time provided for in KRS 278.190(2). However, since the proposed rates represent a reduction in rates, there is no good reason to deny Kenergy's customers the benefits of lower rates on an interim basis while the merits of the application are investigated. To protect the interests of all concerned while still allowing customers the benefits of lower rates, however, the Commission will suspend the proposed rates for one day and allow them to become effective subject to change for service rendered on and after September 2,

2000. Any change will operate prospectively only, thereby eliminating any potential for retroactive adjustments.

The Commission further finds that since its statutory authority to review rate applications is limited by KRS 278.190(3) to 10 months, and as a final decision in this matter should be rendered before that time, the proposed rates approved herein should remain in effect only until issuance of a final rate Order.

IT IS THEREFORE ORDERED that:

1. Kenergy's requested deviations from Administrative Regulation 807 KAR 5:001, Section 10, are granted.

2. Kenergy's request to reduce the notice period to the Commission to 13 days is granted.

3. a. Kenergy is permitted to deviate from Administrative Regulation 807 KAR 5:001, Section 10(3)(b), but shall publish the notice of its proposed rate adjustment once a week for 3 consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication to be made within 10 days of the date of this Order.

b. The published notice shall conform to the requirements of Administrative Regulation 807 KAR 5:001, Section 10(3)(b).

c. Within 45 days of the date of this Order, Kenergy shall file an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice.

4. Kenergy's application is accepted as filed as of the date of this Order.

5. Kenergy's proposed rates are suspended for one day, to be effective, subject to change, with service rendered on and after September 2, 2000.

6. Within 20 days of the date of this Order, Kenergy shall file its revised tariff sheets setting forth the rates made effective herein with a notation at the bottom of each page reflecting the effective date and the statement, "Interim rates subject to change."

7. Kenergy shall, no later than January 4, 2001, file with the Commission its cost-of-service study. Should Kenergy fail to timely file a cost-of-service study, its application shall be dismissed.

8. Any party to this proceeding may, on or before October 2, 2000, serve upon Kenergy its requests for production of documents and written interrogatories. Kenergy shall, no later than October 31, 2000, serve on all parties its answers to requests for production of documents and written interrogatories.²

9. All documents any party files in the record of this proceeding shall be served upon all parties of record.

10. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

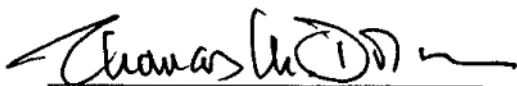
11. To be timely filed with the Commission, a document must be received by the Secretary of the Commission within the specified time for filing except that any document shall be deemed timely filed if it has been transmitted by United States express mail, or by other recognized mail carriers, with the date the transmitting agency received said document from the sender noted by the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

² After Kenergy files its cost-of-service study, the Commission will establish a procedural schedule that provides for additional discovery and for a hearing on Kenergy's proposed rates.

Done at Frankfort, Kentucky, this 31st day of August, 2000.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. Dixon", written over a horizontal line.

Executive Director