

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE CONTRACT FILING OF)
KENTUCKY UTILITIES COMPANY) CASE NO. 2000-542
TO PROVIDE ELECTRIC SERVICE)
TO NORTH AMERICAN STAINLESS)

O R D E R

On October 10, 2000, Kentucky Utilities Company ("KU") filed a contract to provide additional electric service to North American Stainless ("NAS") beginning April 1, 2001 for the operation of a steel mill melt shop. Accompanying the contract was a petition for confidentiality, which was granted by letter dated October 20, 2000.

The Commission finds that, pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the proposed contract. In addition, the Commission finds that the grounds upon which the contract was granted confidentiality should be examined as part of this investigation.

IT IS THEREFORE ORDERED that:

1. This proceeding is initiated to investigate the reasonableness of KU's proposed contract and grounds upon which the petition for confidentiality was granted.
2. KU shall file within 20 days of the date of this Order its responses to the information requests set forth in Appendix A, attached hereto.

Done at Frankfort, Kentucky, this 13th day of December, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2000-542 DATED DECEMBER 13, 2000

1. The cover letter accompanying the contract states that the Large Commercial/Industrial Time-of-Day rate schedule provides the cost basis for the development of the contract's rates, but there is no explanation or analysis of how the contract rates were derived. Provide detailed cost support for all rates contained in the contract, except the Curtailment Compliance Demand Credit and Curtailment Non-compliance Penalty Charges as they appear to be identical to tariffed rates.

2. The Petition for Confidentiality, paragraph 3, states that public disclosure of the contract will limit KU's ability to bargain when negotiating future contracts because "a customer knows exactly what KU has offered to other similarly situated customers." Explain in detail why all similarly situated customers are not legally entitled under KRS 278.170(1) to receive service at the same rates.

3. Explain in detail why a customer with electric requirements similar to NAS should not receive service at the same rates and terms as proposed for NAS.

4. The Petition for Confidentiality, paragraph 3, states that public disclosure of the contract will harm KU by allowing competitors to "take customers away from KU."

a. Does KU currently have any competitors for customers within KU's service territory?

b. Explain in detail how a competitor can take an existing customer away from KU.

5. What is the estimated capital investment by NAS in its steel mill melt shop and how many new full-time jobs are expected to be created by this investment?

6. Pursuant to Commission regulation 807 KAR 5:001, Section 7(2)(a)(2), material to be classified as confidential is to be specifically identified, while text pages or portions thereof not containing confidential material is not to be included in this identification. Explain in detail why each provision of the contract with NAS has been identified as confidential, considering that the publicly filed cover letter discloses numerous non-rate contract terms.