COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION S)CASE NO.NOTICE OF INTENT TO REDUCE REVENUE)2002-00100

<u>ORDER</u>

On August 30, 2000, in Case No. 2000-382,¹ the Commission authorized Big Rivers Electric Corporation (Big Rivers) to reduce its revenues by \$3.68 million per year through a Member Discount Adjustment Rider (Rider) for a period of 2 years ending August 31, 2002. On March 26, 2002, Big Rivers filed its Notice of Intent to Reduce Revenue (Notice) pursuant to KRS 278.455, proposing that the revenue reduction approved in Case No. 2000-382 be extended for 1 year. Big Rivers Notice also included a request for approval to amend the Rider and proposed an effective date of May 1, 2002. Subsequently, on April 15, 2002, Big Rivers requested that this proceeding be held in abeyance pending its receipt of all necessary creditor consents to the proposed continuance of the existing revenue reduction. The Commission granted Big Rivers request by Order dated April 29, 2002, and subsequently extended the period of abeyance by Order dated June 7, 2002.

¹Case No. 2000-382, Big Rivers Electric Corporation s Notice of Intent to Reduce Revenue.

On July 15, 2002, Big Rivers filed a motion to amend its Notice. It states that it now has received the necessary creditor consents. It has revised its proposed Rider to reflect a new date of issue of July 15, 2002 and a new effective date of August 1, 2002.

Kentucky Industrial Utility Customers (KIUC) was permitted to intervene in this matter on behalf of its members, Commonwealth Aluminum Corporation, Kimberly Clark Corporation, and Williamette Industries, Inc.

Big Rivers states that the facts supporting this request are the same as those that supported the previous revenue reduction, and requests that the application in Case No. 2000-382 be incorporated by reference into this record. Big Rivers states that the purpose of the reduction is to continue to pass on to its members the benefits it receives from a sale and leaseback transaction with three of its generating units. Big Rivers has proposed that the reduction be limited to an additional 1-year period because its long-term financial requirements are difficult to project and because it cannot borrow funds to meet capital requirements.

Big Rivers proposes that the Rider be changed to permit it to use the previous billing month rather than the current billing month as the source of the revenue information used to allocate the Monthly Discount Adjustment. Big Rivers states that using the current billing month for its calculation causes significant administrative problems for Big Rivers and its members. It states that amending the Rider as proposed will alleviate the problem. The Commission finds Big Rivers request to amend the Rider reasonable.

Having considered the application and being otherwise sufficiently advised, the Commission finds that the discount adjustment as proposed by Big Rivers meets the

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requirements of KRS 278.455 and should be authorized. The discount adjustment has been allocated among and within the consumer classes on a proportional basis and will not result in a change in the rate design currently in effect for Big Rivers members.

IT IS THEREFORE ORDERED that:

1. The application in Case No. 2000-382 is incorporated herein by reference.

2. The proposed discount adjustment and rider are hereby authorized and shall be effective on August 1, 2002.

3. Within 10 days from the date of this Order, Big Rivers shall file its revised tariff showing the date of issue and that it was issued by authority of this Order.

Done at Frankfort, Kentucky, this 24th day of July, 2002.

By the Commission

ATTEST:

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Executive Director