

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY) CASE NO. 95-060
UTILITIES COMPANY AS BILLED FROM)
AUGUST 1, 1994 TO JANUARY 31, 1995)

ORDER

IT IS ORDERED that the Kentucky Utilities Company ("KU") shall file the original and 10 copies of the following information with this Commission, with a copy to all parties of record, no later than April 10, 1995. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided previously, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the response to Item 4 of the March 1, 1995 Order.

a. Is the Extension Allowance Pooling Group ("Pooling Group") still in operation? If no, indicate when the Pooling Group disbanded.

b. Have any membership fees beyond the initial \$25,000 been charged by the Pooling Group? When will the next membership fee have to be paid?

c. Explain why KU believes it is appropriate to record the initial \$25,000 fee as part of the inventory cost of emission allowances. Identify any accounting pronouncements which support KU's position.

2. Refer to the response to Item 7 of the March 1, 1995 Order. KRS 278.183 limits the surcharge to compliance plan costs, not already included in existing rates. KU was requested to identify where specific generating station operation and maintenance ("O&M") expenses were included in its compliance plan projects. KU did not provide this information. Provide the originally requested information.

3. In its July 19, 1994 Order in Case No. 93-465¹ the Commission approved KU's use of ES Form 3.0, for the average monthly revenue computation, in the same basic format as proposed by KU. That form included one column headed Non-jurisdictional with the sub-heading Total and another column headed Total Company with a sub-heading Total. The Total Company column was represented

¹ Case No. 93-465, The Application of Kentucky Utilities Company to Assess a Surcharge Under KRS 278.183 to Recover Costs of Compliance with Environmental Requirements for Coal Combustion Wastes and By-Products.

as the total of KU's Kentucky jurisdictional revenue and non-jurisdictional revenue. However, in response to Items 8, 9 and 10 of the March 1, 1995 Order, KU indicates that it has not included total non-jurisdictional revenue in making its average monthly revenue computation. Rather, it has included revenues from those sales it considers firm, namely, retail sales in Virginia and Tennessee and wholesale sales to Berea College and Kentucky municipal customers, but has excluded revenues from foreign ("off-system") non-firm sales to other utilities.

a. Explain the logic of KU's use of the above-referenced terms in the headings and sub-headings of its proposed form for the monthly average revenue computation if it did not intend to subscribe to those terms in making its monthly revenue computation.

b. If it was KU's original intent to exclude non-firm off-system sales from its monthly revenue computation why did it propose a form explicitly indicating it would include Total non-jurisdictional revenue and Total 'total company' revenue in its monthly computation?

c. How does KU classify revenues from non-firm off-system sales if it does not include them in Total non-jurisdictional revenue or Total 'total company' revenue?

4. The non-jurisdictional revenues reported in ES Form 3.0 include only revenues from non-jurisdictional firm sales. Explain

in detail why only firm sales are included and why non-firm sales should not also be included.

Done at Frankfort, Kentucky, this 31st day of March, 1995.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director