

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 LOUISVILLE GAS AND ELECTRIC ) CASE NO. 97-010  
COMPANY AS BILLED FROM MAY 1, 1996 TO )  
OCTOBER 31, 1996 )

O R D E R

IT IS ORDERED that Louisville Gas and Electric Company ("LG&E") shall file an original and 10 copies of the following information with this Commission, with a copy to all parties of record. 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. The information requested herein is due no later than February 24, 1997.

1. Refer to the response to the Commission's January 16, 1997 Order, Item 1. LG&E has included a form which tracks the impact of mismatches associated with billing previous over- and under-recoveries. LG&E states that this form was originally filed by LG&E when it applied for approval of its environmental surcharge mechanism

in Case No. 94-332.<sup>1</sup> LG&E notes that since this is the first 6-month period in which the form is applicable, the Commission has yet to assign a form number to this particular page. However, the April 6, 1995 Order stated,

LG&E included as part of its surcharge application a series of reporting formats for the monthly surcharge calculation. The Commission has revised these formats to reflect the mechanism described in this Order.<sup>2</sup>

Consequently, the Commission did not approve the inclusion of the tracking of mismatches associated with billing previous over- and under-recoveries in LG&E's surcharge mechanism.

a. Based on its responses to Item 1, is LG&E proposing that the tracking of the billing mismatches be incorporated into its approved surcharge mechanism?

b. Currently, none of the approved surcharge mechanisms provide for this adjustment to address billing mismatches. Explain why LG&E believes this refinement is necessary.

2. In previous 6-month surcharge review cases, the Commission has authorized LG&E to return over- and under-recoveries using a correction factor that is added or subtracted to the monthly surcharge billing factor. An alternative method to return over- and under-recoveries would be to add or subtract a dollar amount from

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<sup>1</sup> Case No. 94-332, The Application of Louisville Gas and Electric Company for Approval of Compliance Plan and to Assess a Surcharge Pursuant to KRS 278.183 to Recover Costs of Compliance with Environmental Requirements for Coal Combustion Wastes and By-Products, final Order dated April 6, 1995.

<sup>2</sup> Id., at 18.

Retail E(m), the jurisdictional monthly surcharge revenue requirement, just before the surcharge billing factor is calculated. Would the use of this method provide for the "dollar for dollar" recovery of costs and eliminate the existing mismatch? Explain the response.

Done at Frankfort, Kentucky, this 12th day of February, 1997.

PUBLIC SERVICE COMMISSION

  
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For the Commission

ATTEST:

  
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Executive Director