

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF LOUISVILLE GAS AND) CASE NO. 98-565-A
ELECTRIC COMPANY FROM NOVEMBER 1, 1998)
TO APRIL 30, 1999)

O R D E R

The Louisville Gas and Electric Company ("LG&E") has moved for reconsideration of the Commission's Order of February 16, 2000. It requests that LG&E be permitted to increase its actual monthly fuel cost by \$30,586 in its next monthly fuel adjustment clause filing to correct certain inaccuracies contained in our Order of February 16, 2000. We grant the motion.

In our Order of February 16, 2000, we directed that LG&E, in calculating its monthly fuel cost, reduce its actual monthly fuel cost by \$122,174 to reflect the overrecovery of fuel costs resulting from its unreported fuel costs recovered through intersystem sales during the 8-month period ending June 30, 1999. Our action was due in part to LG&E's failure to correctly account for the cost of fuel associated with line losses to transmit power generated at its Trimble County Plant and belonging to Illinois Municipal Electric Agency ("IMEA") and Indiana Municipal Power Agency ("IMPA") and our finding that this failure had resulted in an overstatement of \$69,400 in LG&E's cost of fossil fuel consumed in its own plants.

In its Motion for Reconsideration, LG&E argues that the amount of the reduction related to the generation and transmission of Trimble County Plant power to IMEA and IMPA is incorrect for two reasons. First, it states that Column 9 of Table I of the February 16, 2000 Order contains a mathematical error. Second, it states that the “Reported Fuel Cost for Non-Jurisdictional Trimble County Generation” for the months of April and June 1999 are also incorrect. LG&E misreported these amounts in its monthly FAC filings.¹ When these inaccuracies are corrected, the overstatement related to the generation and transmission of Trimble County Plant power to IMEA and IMPA is only \$38,814.

Having reviewed the motion, the Commission finds that the overstatement in the cost of fossil fuel consumed in LG&E’s plants should be only \$38,815. Table I shows our revised calculations. As LG&E filed a monthly fuel adjustment factor on February 21, 2000 that included the required reduction, it should be authorized to increase its actual monthly fuel cost by \$30,585 to reflect the corrected calculations.

IT IS THEREFORE ORDERED that:

1. LG&E’s Motion for Reconsideration is denied in part and granted in part.

¹ Upon discovering these errors, LG&E failed to report the corrections to the Commission. LG&E attributes this failure to the termination of its FAC and the establishment of its Electric Performance-Based Rate Schedule. Under normal conditions, LG&E states, it would have reported the correction in its next monthly FAC filing. With the termination of the FAC, “there was no subsequent fuel clause factor associated with the July expense month to facilitate this correction in a timely manner.” LG&E’s Motion For Reconsideration at 2. This explanation, however, fails to address why LG&E did not advise the Commission through other channels or provide a correction at the public hearing in this matter which was held on October 1, 1999. LG&E corrected its records on or about August 2, 1999.

2. Finding Paragraph 4 of the Commission's Order of February 16, 2000 is amended to read as follows:

4. LG&E's use of a .33 percent line loss factor, instead of a one percent line loss factor, to determine the cost of fuel used to generate and transmit Trimble County power to IMEA and IMPA resulted in an overstatement of \$38,815 in its cost of fossil fuel consumed in its own plants.

3. Upon filing its first monthly fuel adjustment after entry of this Order, LG&E shall, in calculating its monthly fuel cost, increase its actual monthly fuel cost by \$30,585 to reflect the revisions ordered herein.

Done at Frankfort, Kentucky, this 15th day of March, 2000.

By the Commission

ATTEST:

Executive Director

TABLE I

(1) Month	(2) Scheduled Generation (MWH) ¹	(3) Total Generation Attributable to IMPA & IMEA (MWH) ²	(4) Trimble County Net Generation (MWH) ³	(5) Ratio of Total Generation Attributable to IMPA & IMEA ⁴	(6) Total Reported Fuel Cost for Trimble County ⁵	(7) Corrected Fuel Cost for Non-Jurisdictional Trimble County Generation ⁶	(8) Reported Fuel Cost for Non-Jurisdictional Trimble County Generation
November 1998	79,992	80,792	298,527	0.270635	\$2,594,933	\$702,280	\$697,648
December 1998	57,409	57,983	222,912	0.260116	\$2,068,219	\$537,977	\$534,330
January 1999	85,259	86,112	323,250	0.266394	\$2,897,734	\$771,939	\$766,827
February 1999	63,116	63,747	240,914	0.264605	\$2,253,216	\$596,212	\$592,258
March 1999	91,087	91,998	346,104	0.265810	\$3,200,997	\$850,857	\$845,223
April 1999	77,627	78,403	300,013	0.261332	\$2,741,497	\$716,441	\$711,665
May 1999	91,714	92,631	345,104	0.268415	\$3,210,680	\$861,795	\$856,096
June 1999	89,280	90,173	334,136	0.269869	\$2,996,734	\$808,726	\$803,365
TOTAL							

NOTES:

1. Source: LG&E's Response to the Commission's Order of December 6, 1999, Item 1.
2. Scheduled Generation X 1.01 = Total Generation Attributable to IMPA and IMEA.
3. Source: LG&E's Monthly FAC Fuel Inventory Schedule.
4. Column 3 / Column 4 = Ratio of Total Generation Attributable to IMPA & IMEA.
5. Source: LG&E's Monthly FAC Fuel Inventory Schedule.
6. Column 5 X Column 6 = Corrected Fuel Cost For Non-jurisdictional Trimble County Generation.