

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 KENTUCKY ) CASE NO. 1994-00461-A  
UTILITIES COMPANY FROM )  
NOVEMBER 1, 1994 TO APRIL 30, 1995 )

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO. 1994-00461-B  
UTILITIES COMPANY FROM MAY 1, 1995 TO )  
OCTOBER 31, 1995 )

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO. 1994-00461-C  
UTILITIES COMPANY FROM )  
NOVEMBER 1, 1995 TO APRIL 30, 1996 )

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO. 1996-00523  
UTILITIES COMPANY FROM )  
NOVEMBER 1, 1994 TO OCTOBER 31, 1996 )

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO. 1996-00523-A  
UTILITIES COMPANY FROM )  
NOVEMBER 1, 1996 TO APRIL 30, 1997 )

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF KENTUCKY ) CASE NO. 1996-00523-B  
UTILITIES COMPANY FROM MAY 1, 1997 TO )  
OCTOBER 31, 1997 )

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|---|-----------------------|-----------------------|
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF KENTUCKY<br>UTILITIES COMPANY FROM<br>NOVEMBER 1, 1997 TO APRIL 30, 1998            | )<br>)<br>)<br>)<br>) | CASE NO. 1996-00523-C |
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF LOUISVILLE<br>GAS AND ELECTRIC COMPANY FROM<br>NOVEMBER 1, 1994 TO OCTOBER 31, 1996 | )<br>)<br>)<br>)<br>) | CASE NO. 1996-00524   |
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF KENTUCKY<br>UTILITIES COMPANY FROM<br>NOVEMBER 1, 1996 TO OCTOBER 31, 1998          | )<br>)<br>)<br>)<br>) | CASE NO. 1998-00564   |
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF KENTUCKY<br>UTILITIES COMPANY FROM<br>NOVEMBER 1, 1998 TO APRIL 30, 1999            | )<br>)<br>)<br>)<br>) | CASE NO. 1998-00564-A |
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF KENTUCKY<br>UTILITIES COMPANY FROM MAY 1, 1999 TO<br>OCTOBER 31, 1999               | )<br>)<br>)<br>)<br>) | CASE NO. 1998-00564-B |
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF KENTUCKY<br>UTILITIES COMPANY FROM<br>NOVEMBER 1, 1999 TO APRIL 30, 2000            | )<br>)<br>)<br>)<br>) | CASE NO. 1998-00564-C |
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF KENTUCKY<br>UTILITIES COMPANY FROM<br>NOVEMBER 1, 1998 TO OCTOBER 31, 2000          | )<br>)<br>)<br>)<br>) | CASE NO. 2000-00497   |
| AN EXAMINATION BY THE PUBLIC SERVICE<br>COMMISSION OF THE APPLICATION OF THE<br>FUEL ADJUSTMENT CLAUSE OF KENTUCKY<br>UTILITIES COMPANY FROM<br>NOVEMBER 1, 2000 TO APRIL 30, 2001            | )<br>)<br>)<br>)<br>) | CASE NO. 2000-00497-A |

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE ) CASE NO. 2000-00498  
GAS AND ELECTRIC COMPANY FROM )  
NOVEMBER 1, 1998 TO OCTOBER 31, 2000 )

AN EXAMINATION BY THE PUBLIC SERVICE )  
COMMISSION OF THE APPLICATION OF THE )  
FUEL ADJUSTMENT CLAUSE OF LOUISVILLE ) CASE NO. 2000-00498-A  
GAS AND ELECTRIC COMPANY FROM )  
NOVEMBER 1, 2000 TO APRIL 30, 2001 )

### ORDER

The parties in the above-styled cases have submitted a settlement agreement to resolve all outstanding issues in these cases and in the judicial proceedings that they initiated to obtain judicial review of our decisions in these cases. At issue is whether the Settlement Agreement is lawful and reasonable. Based upon our review, we find in the affirmative and approve the Settlement Agreement.

The cases before the Commission involve semi-annual and biennial reviews of the operation of the fuel adjustment clauses ( FACs ) of Kentucky Utilities Company ( KU ) and Louisville Gas and Electric Company ( LG&E ).<sup>1</sup> Except for the four proceedings initiated after November 1, 2000, the Commission focused in these proceedings on KU s and LG&E s methods for calculating their FAC charges, more specifically KU s and LG&E s method for accounting for the cost of fuel recovered from intersystem sales and KU s methodology for determining system line loss. At the conclusion of these proceedings, we found that the utilities had improperly calculated

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<sup>1</sup> A detailed chronology of these proceedings and subsequent litigation is found at Appendix B.

their FAC charges and directed KU and LG&E to refund \$7,146,329 and \$1,881,460, respectively. Our Orders made no provision for the award of interest.

KU, LG&E and Kentucky Industrial Utility Customers, Inc. ( KIUC ) brought actions for reviews of one or more of these Orders. In two separate decisions, Franklin Circuit Court affirmed the Commission's Orders as to our findings regarding the improper calculation of FAC charges, but remanded the matter to the Commission to determine the appropriate amount of interest on the required refunds.<sup>2</sup> KU, LG&E, KIUC and the Attorney General ( AG ) appealed to the Kentucky Court of Appeals.<sup>3</sup>

While the parties litigated these Orders, we continued our periodic reviews of the operation of KU's and LG&E's FACs. Our most recent reviews focused on the treatment that Administrative Regulation 807 KAR 5:056 required of certain KU and LG&E energy purchases. At issue in those proceedings was whether all costs associated with these purchases could properly be recovered immediately through the utilities' FACs. No final determination had been made in these proceedings regarding those costs.

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<sup>2</sup> Kentucky Industrial Utility Customers, Inc. v. Public Service Commission of Kentucky, No. 99-CI-00310 (Franklin Cir. Ct. May 15, 2000); Kentucky Industrial Utility Customers, Inc. v. Public Service Commission of Kentucky, No. 99-CI-01077 (Franklin Cir. Ct. Oct. 30, 2000). At the time of submission of the Settlement Agreement, two actions for review were still pending before Franklin Circuit Court. Kentucky Industrial Utility Customers, Inc. v. Public Service Commission of Kentucky, No. 00-CI-00121 (filed Jan. 27, 2000) and Kentucky Utilities Co. v. Public Service Commission of Kentucky, No. 00-CI-00162 (filed Feb. 10, 2000).

<sup>3</sup> Louisville Gas & Electric Co. v. Kentucky Industrial Utility Customers, Inc., No. 2000-CA-001390-MR (Ky. Ct. App.); Kentucky Utilities Co. v. Kentucky Industrial Utility Customers, Inc., No. 2000-CA-002583-MR (Ky. Ct. App.); Kentucky Industrial Utility Customers, Inc. v. Kentucky Utilities Co., No. 2000-CA-002776-MR (Ky. Ct. App.); Office of Attorney General v. Kentucky Utilities Co., No. 2000-CA-00278-MR (Ky. Ct. App.).

On December 21, 2001, LG&E, KU, KIUC, the AG and Commission Staff executed a settlement agreement to resolve these proceedings. The Settlement Agreement's principal features are:

- Distribution of \$1,675,000 to Ratepayers. KU and LG&E have agreed to distribute \$1,675,000 to their Kentucky retail ratepayers through a temporary reduction in their fuel costs. In each of the two months following Commission approval of the proposed agreement, KU and LG&E, when calculating their monthly fuel cost, will reduce their fuel cost by \$477,375 and \$360,125, respectively.<sup>4</sup>

- Dismissal of Outstanding Appeals. KU, LG&E, KIUC, and the AG agree that, if the proposed settlement is accepted, each will move for dismissal of any pending actions for review in Franklin Circuit Court or appeals in the Kentucky Court of Appeals related to Commission Orders on KU's and LG&E's calculation of their FAC charges.<sup>5</sup>

- Prospective Interpretation of Administrative Regulation 807 KAR 5:056, Section 1(3). The signatories have agreed that Administrative Regulation 807 KAR 5:056 should be construed in the following manner with regard to KU's and LG&E's purchases of power made on and after November 1, 2001:

The purchase power price of all economy power purchases shall be permitted to be recovered through LG&E's and KU's respective FACs. Economy power purchases will mean purchases made to serve native load, which displace the utility's higher cost of generation and

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<sup>4</sup> The allocation of the distributed funds is based upon each utility's portion of their total revenues from electric retail operations in 1996. We have previously used this method to allocate non-fuel savings that resulted from the merger of KU Energy and LG&E Energy. See Case No. 97-300, Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of Merger (Ky. PSC Sep. 12, 1997) at 15-18.

<sup>5</sup> For a list of these pending actions and appeals, see Appendix A of the Settlement Agreement.

have an energy cost that is less than the utility's avoided variable cost of generation.

Non-economy power purchases will mean purchases made to serve native load at a purchase power price greater than the avoided variable cost of the utility's highest cost generating unit available to be dispatched during an expense month to serve native load. If the purchase price includes separate demand and energy charges, the energy cost referred to above will be equal to the total of the energy charges included in the purchase price. If the purchase price consists of a total charge per unit of energy, with no separate demand and energy charges, the energy cost referred to above will be equal to the total charge, per unit, for the purchased power.

For all non-economy power purchases LG&E and KU shall be permitted to recover through their FACs the lower of the actual energy cost of the purchased power or the fuel cost of the utility's highest cost generating unit available to be dispatched to serve native load during the reporting expense month. Costs for non-economy power purchases not recoverable through LG&E's or KU's FACs shall be considered non-FAC expenses and may be included in the calculation of either LG&E's or KU's Earnings Sharing Mechanism or any successor rate making mechanism and, if reasonably incurred, will be otherwise eligible for recovery through base rates.<sup>6</sup>

- Pending Commission Proceedings. The signatories have recommended that the Commission approve the FAC charges and credits under review in Cases No. 2000-00497, No. 2000-00497-A, No. 2000-00498, and No. 2000-00498-A and that these cases be closed.

Following the submission of this Settlement Agreement, LG&E, KU, KIUC, and the AG jointly moved the Kentucky Court of Appeals and Franklin Circuit Court to remand those proceedings involving the disputed FAC charges to the Commission to

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<sup>6</sup> See Settlement Agreement, Article 2.0.

permit us to consider the Settlement Agreement. Both Courts have granted these motions.<sup>7</sup>

Based upon our review, we find that the Settlement Agreement is reasonable and in the public interest and that it should be approved. The signatories have submitted a unanimous settlement agreement for our consideration that will resolve the outstanding issues in 15 FAC proceedings. This settlement agreement is not a perfect resolution of the contested issues in these proceedings. When viewing the settlement agreement in its entirety, however, we find that it represents a reasonable resolution to several vexing and contentious issues that have consumed significant amounts of the parties and the Commission's time and resources for the last six years. Continued litigation would have expended additional resources and would delay the distribution of the settlement proceeds to KU and LG&E ratepayers.

We have carefully reviewed the signatories' proposed interpretation of Administrative Regulation 807 KAR 5:056 regarding the recovery of purchased power costs. We find this interpretation is consistent with the literal language of the administrative regulation and with our recent interpretations of that administrative regulation.<sup>8</sup> It should greatly enhance and expedite future reviews of all jurisdictional electric utilities' FACs by providing a consistent framework for the treatment of purchased power costs.

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<sup>7</sup> Kentucky Industrial Utility Customers, Inc. v. Public Service Commission of Kentucky, No. 00-CI-00121 (Franklin Cir. Ct. Jan. 2, 2002).

<sup>8</sup> See Case No. 2000-00495-B, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of American Electric Power from May 1, 2001 to October 31, 2001 (Ky. PSC May 2, 2002); Case No. 2000-00496-B, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from May 1, 2001 to October 31, 2001 (Ky. PSC May 2, 2002).

We note that the Settlement Agreement is silent on two issues. In Case No. 2000-00498, LG&E proposed to reduce its base rates to reflect a lower level of fuel costs. Due to increases in coal prices since LG&E presented that proposal, we find that a reduction in LG&E's base rates to reflect a lower level of fuel costs is no longer appropriate. Since the next two-year review of LG&E's FAC will be initiated before the close of this year, we find the more appropriate course is to maintain LG&E's base rates at their current level and consider any changes in those rates in the new proceeding. To do otherwise would involve unnecessary changes that will provide little or no benefit to LG&E or its ratepayers.

Beginning in October 2001, KU and LG&E began filing additional schedules with their monthly FAC reports that provide a more detailed view of their power transactions. These reports have greatly assisted the Commission in our review of the operation of each utility's FAC and have reduced the need for discovery in FAC review proceedings. Accordingly, we find that KU and LG&E should be required to continue the practice of filing these schedules with the Commission until further notice.

IT IS THEREFORE ORDERED that:

1. The Joint Motion for an Order Approving the Settlement Agreement is granted.
2. The Settlement Agreement, appended hereto, is approved.
3. The terms and conditions of the Settlement Agreement are adopted and approved.
4. Upon the filing of the two monthly fuel adjustments after entry of this Order, KU shall, in calculating its monthly fuel cost, reduce actual monthly fuel cost by \$477,375 to reflect the agreed distribution set forth in the Settlement Agreement.



5. Upon the filing of the two monthly fuel adjustments after entry of this Order, LG&E shall, in calculating its monthly fuel cost, reduce actual monthly fuel cost by \$360,125 to reflect the agreed distribution set forth in the Settlement Agreement.

6. LG&E's proposed adjustment to base rates is denied.

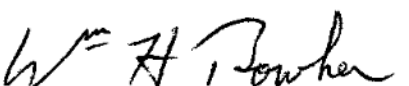
7. The charges and credits billed by KU and LG&E through their FACs for the period November 1, 1998 to April 30, 2001 are approved.

8. Until further Order of the Commission and in addition to the previous reports required by the Commission, KU and LG&E shall continue to file with their monthly FAC reports a schedule of their monthly power transactions in the same format as set forth in Appendix C of this Order.

Done at Frankfort, Kentucky, this 17<sup>th</sup> day of May, 2002.

By the Commission

ATTEST:

Deputy   
Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 1994-00461-A, ET AL. DATED May 17, 2002

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APPENDIX B

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 1994-00461-A, ET AL. DATED May 17, 2002

## CHRONOLOGY OF FUEL ADJUSTMENT CLAUSE LITIGATION

| <b>Date</b> | <b>Event</b>  |
|-------------|---|
| 06/27/1995  | Commission initiates Case No. 1994-00461-A.   |
| 08/17/1995  | Hearing held in Case 1994-00461-A. Testifying before the Commission were: Charles Caudill, KU's Director of System Operations; Robert M. Hewett, KU's Vice President of Regulation and Economic Planning; James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; Wayne T. Lucas, KU's Vice President of Power Supply; and Michael Robinson, KU's Controller.   |
| 12/20/1995  | Commission initiates Case No. 1994-00461-B.   |
| 02/22/1996  | Hearing held in Case 1994-00461-B. Testifying before the Commission were: Charles Caudill, KU's Director of System Operations; Robert M. Hewett, KU's Vice President of Regulation and Economic Planning; James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; and Mike Robinson, KU's Controller.   |
| 06/13/1996  | Commission initiates Case No. 1994-00461-C.   |
| 08/26/1996  | Hearing held in Case 1994-00461-C. Testifying before the Commission were: Charles Caudill, KU's Director of System Operations; Robert M. Hewett, KU's Vice President of Regulation and Economic Planning; James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; and Mike Robinson, KU's Controller.   |
| 11/14/1996  | Commission initiates Case No. 1996-00524.   |
| 11/14/1996  | Commission initiates Case No. 1996-00523.   |
| 04/07/1997  | Case No. 1994-00461-A stands submitted for decision.  |
| 04/15/1997  | Hearing held in Case 1996-00523. Testifying before the Commission were: Robert M. Hewett, KU's Vice President of Regulation and Economic Planning; Gary Hawley, KU's Vice President of Bulk Power Engineering; James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; Mike Robinson, KU's Controller; Alan S. Taylor, Senior Consultant, Hagler Bailly Consulting, Inc.; David Brown Kinloch, and Paul Normand of Management Applications Consulting, Inc. |

04/16/1997 Hearing held in Case No. 1996-00524. Testifying before the Commission were: Randall Walker, LG&E's Manager of Rates and Regulatory Affairs; Robert E. Lyon, LG&E's Director of Resource and Electric System Planning; Gregory K. Winter, LG&E's Director of Corporate Accounting; William G. Gilbert, LG&E's Fuels Administration Manager; Rick T. Melloan, LG&E's Director of Central Engineering and Construction Management; Alan S. Taylor, Senior Consultant, Hagler Bailly Consulting, Inc.; and, David Brown Kinloch.

05/28/1997 Case No. 1996-00524 stands submitted for decision.

06/16/1997 Case No. 1996-00523 stands submitted for decision.

07/14/1997 Commission initiates Case No. 1996-00523-A.

10/16/1997 Hearing held in Case 1996-00523-A. Testifying before the Commission were: Charles Caudill, KU's Director of System Operations; James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; Michael Robinson, KU's Controller; and Ronald Willhite, KU's Vice President of Regulation and Economic Planning.

12/11/1997 Commission initiates Case No. 1996-00523-B.

02/19/1998 Hearing held in Case 1996-00523-B. Testifying before the Commission were: James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; Michael Robinson, KU's Controller; and Ronald Willhite, KU's Vice President of Regulation and Economic Planning.

06/17/1998 Commission initiates Case No. 1996-00523-C.

08/27/1998 Hearing held in Case 1996-00523-C. Testifying before the Commission were: James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; Michael Robinson, KU's Controller; and Ronald Willhite, KU's Vice President of Regulation and Economic Planning.

12/01/1998 Commission initiates Case No. 1998-00564.

02/09/1999 Final Order in Case No. 1996-00524 issued. LG&E ordered to refund \$1,881,460.

02/10/1999 Hearing held in Case No. 1998-00564. Testifying before the Commission were: James Ellington, KU's Ghent Generating Station Plant Superintendent; Gerhard Haimberger, KU's Director of Fuels Management; Michael J. Spurlock, KU's Director of Utility Accounting and Reporting; and Ronald L. Willhite, KU's Vice President of Regulatory Affairs.

02/19/1999 LG&E petitions for rehearing in Case No. 1996-00524.

03/11/1999 Commission denies LG&E's petition for rehearing in Case No. 1996-00524.

03/23/1999 KIUC brings an action for review of Commission's Order in Case No. 1996-00524. Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-00310 (Franklin Cir. Ct.).

04/01/1999 LG&E brings an action for review of Commission's Order in Case No. 1996-00524. Louisville Gas & Electric Co. v. Pub. Serv. Com'n, No. 99-CI-00382 (Franklin Cir. Ct.).

06/23/1999 Commission initiates Case No. 1998-00564-A.

07/20/1999 Final Order entered in Cases No. 1994-00461-A, No. 1994-00461-B, No. 1994-00461-C, and No. 1996-00523. KU ordered to refund \$4,235,044.

07/21/1999 Final Order entered in Case No. 1996-00523-A. KU ordered to refund \$1,027,346.

07/21/1999 Final Order entered in Case No. 1996-00523-B. KU ordered to refund \$1,184,898.

07/21/1999 Final Order entered in Case No. 1996-00523-C. KU ordered to refund \$971,325.

07/21/1999 Final Order entered in Case No. 1998-00564. KU ordered to refund \$2,660,967.

08/09/1999 KU files Petition for Rehearing of Order of 7/20/1999 in Cases No. 1994-00461-A, No. 1994-00461-B, No. 1994-00461-C, No. 1996-00523, No. 1996-00523-A, No. 1996-00523-B, No. 1996-00523-C, and Case No. 1998-00564.

08/30/1999 Commission grants KU's Petition for Rehearing in part and denies in part in Cases No. 1994-00461-A, No. 1994-00461-B, No. 1994-00461-C, No. 1996-00523, No. 1996-00523-A, No. 1996-00523-B, No. 1996-00523-C, and No. 1998-00564. KU ordered to refund \$6,720,987 over a 12-month period.

09/15/1999 KIUC brings an action for review of Commission's Order of 08/30/1999 in Case No. 1994-00461-A. Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-01077 (Franklin Cir. Ct.).

09/22/1999 KU brings an action for review of Commission's Order in Case No. 1994-00461-A. Kentucky Utilities Co. v. Pub. Serv. Com'n, No. 99-CI-01104 (Franklin Cir. Ct.).

09/27/1999 Commission initiates Case No. 1998-00564-B.

10/01/1999 Hearing held in Cases No. 1998-00564-A and No. 1998-00564-B. Testifying before the Commission were: Daniel Becher, KU's Director of Electric System Operations; Lonnie Bellar, KU's Manager of Generation Systems Planning; William A. Bosta, KU's Director of Regulatory Management; Gerhard Haimberger, KU's Director of Fuels Management; and Rick Melloan, KU's Director of Generation Services.

01/12/2000 Final Order entered in Cases No. 1998-00564-A and No. 1998-00564-B. KU ordered to refund \$1,648,027 over a 4-month period.

01/27/2000 KIUC brings an action for review of Commission's Order in Cases No. 1998-00564-A and No. 1998-00564-B. Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 2000-CI-00121 (Franklin Cir. Ct.).

02/04/2000 KU brings an action for review of Commission's Order in Cases No. 1998-00564-A and No. 1998-00564-B. Kentucky Utilities Co. v. Pub. Serv. Com'n, No. 2000-CI-00162 (Franklin Cir. Ct.).

05/15/2000 Franklin Circuit Court issues judgment on actions for review of Commission's Order in Case No. 1996-00524. Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-00310 (Franklin Cir. Ct.).

06/12/2000 LG&E files Notice of Appeal of Franklin Circuit Court's Opinion and Order in Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-00310 (Franklin Cir. Ct.).

10/30/2000 Franklin Circuit Court issues judgment on actions for review of Commission's Orders related to KU's FAC. Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-01077 (Franklin Cir. Ct.).

11/02/2000 KU files its Notice of Appeal of Franklin Circuit Court's Opinion and Order of 10/30/2000 in Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-01077 (Franklin Cir. Ct.). Kentucky Utilities Co. v. Kentucky Industrial Utilities Customers, Inc., No. 2000-CA-002583-MR (Ky. Ct. App.).

11/30/2000 AG files his Notice of Appeal of Franklin Circuit Court's Opinion and Order of 10/31/2000 in Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-01077 (Franklin Cir. Ct.). Office of Attorney General v. Kentucky Utilities Co., No. 2000-CA-002778-MR (Ky. Ct. App.).

11/30/2000 KIUC files its Notice of Appeal of Franklin Circuit Court's Opinion and Order of 10/31/2000 in Kentucky Industrial Utility Customer, Inc. v. Pub. Serv. Com'n, No. 99-CI-01077 (Franklin Cir. Ct.). Kentucky Industrial Utility Customer, Inc. v. Kentucky Utilities Co., No. 2000-CA-002776-MR (Ky. Ct. App.).

12/12/2000 Commission initiates Case No. 2000-00497.

12/12/2000 Commission initiates Case No. 2000-00498.

02/09/2001 Hearing held in Cases No. 2000-00497 and No. 2000-00498. Testifying before the Commission were: Gerhard Haimberger, LG&E/KU Director of Fuels; Lonnie E. Bellar, LG&E/KU Director of Generation Services; and William Bosta, LG&E/KU Director of Regulatory Management.

06/11/2001 Commission initiates Case No. 2000-00497-A.

06/11/2001 Commission initiates Case No. 2000-00498-A.

09/04/2001 Hearing held in Cases No. 2000-00497-A and No. 2000-00498-A. Testifying before the Commission were: Robin Brenda Hayes, Manager for Energy Marketing Accounting, LG&E Service Company; Mike Dotson, LG&E/KU Manager of Fuels; Lonnie E. Bellar, LG&E/KU Director of Generation Services; and Ronald L. Willhite, Director of Rates and Regulatory Affairs, LG&E Services Company.

12/21/2001 Signatories execute Settlement Agreement and file with the Commission Joint Motion to Approve Settlement Agreement.

01/02/2002 Franklin Circuit Court remands Kentucky Industrial Utility Customers, Inc. v. Pub. Serv. Com'n, No. 2000-CI-00121 (Franklin Cir. Ct.) and Kentucky Utilities Co. v. Pub. Serv. Com'n, No. 2000-CI-00162 (Franklin Cir. Ct.) to the Commission.

04/01/2002 Kentucky Court of Appeals remands all pending appeals to Commission for 60 days for Commission to consider settlement agreement. Louisville Gas and Electric Co. v. KIUC, No. 2000-CA-001390-MR (Ky. Ct. App.).



APPENDIX C

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 1994-00461-A, ET AL. DATED May 17, 2002

See document named **200000498a\_17\_appx.pdf** for appendix