COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE ELECTRIC RATES,	)	
TERMS, AND CONDITIONS OF KENTUCKY	)	CASE NO.
UTILITIES COMPANY	)	2003-00434

COMMISSION STAFF'S FIRST DATA REQUEST
TO THE KENTUCKY DIVISION OF ENERGY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that the Kentucky Environmental and Public Protection Cabinet, Department for Natural Resources, Division of Energy file the original and 8 copies of the following information with the Commission with a copy to all parties of record. The information requested herein is due April 19, 2004. Each copy of the information 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 its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. The Testimony of Geoffrey M. Young ("Young Testimony"), page 5, lines 13 through 16, refers to most of Kentucky Utilities Company's ("KU") tariffs breaking "the connection between the wholesale and retail markets."

a. Does Mr. Young agree that KU has sufficient generation to meet its native load requirements, that more than 90 percent of KU's energy production is from relatively stable-priced coal-fired generation, and that in only limited instances KU relies upon wholesale power purchases to serve its native load? If no, explain your response.

b. Assuming that KU's wholesale power purchases are limited, explain why there should be any connection between the wholesale and retail markets.

c. For purposes of evaluating KU's electric rate design in this rate case, explain what Mr. Young means when he refers to "breaking the connection between the wholesale and retail markets."

2. The Young Testimony, pages 7 through 10, recommends that any tariffs instituted for all of KU's customer classes should be based on revenue indexing. Using the revenue requirement proposed by KU in this case, provide the rates for each customer class using Mr. Young's proposed revenue indexing. Include all workpapers, calculations, assumptions, and other supporting documentation showing how the rates were determined for each class.

3. Refer to the Young Testimony, page 10, lines 13 through 19, which calls for the elimination of the fuel adjustment clause ("FAC"). Mr. Young states that the FAC makes it "profitable for the utility to try to sell more energy even during peak load conditions." Provide a detailed explanation of how the FAC causes a utility to "try to sell more energy even during peak load conditions."

4. Refer to the Young Testimony, pages 10 through 12.

a. Mr. Young proposes to eliminate the Merger Surcredit and Value Delivery Surcredit and include the financial effects in base rates. Provide a calculation of the adjustments necessary to include the two surcredits into KU's base rates. Include all workpapers, calculations, and assumptions used to determine these adjustments.

b. Describe Mr. Young's understanding of the purpose and function of the Earnings Sharing Mechanism.

c. Mr. Young proposes to consolidate all franchise fees and school taxes into a single adjustment factor.

(1) Are all the franchise fees and school taxes currently included in KU's rate structure calculated in the same manner? Explain the response.

(2) Are KU customers currently assessed different levels of franchise fees and school taxes based on the customer's geographic location?

(3) Does Mr. Young believe that customers are not entitled to this detailed information on their bills concerning franchise fees and school taxes? Explain the response.

5. Refer to the Young Testimony, page 13. Provide the basis for the statement that, "On average, low-income customers tend to use less energy."

6. Refer to the Young Testimony, page 15, concerning the real-time pricing ("RTP") program operated by the Georgia Power Company ("Georgia Power"). Provide the following information:

a. The total number of customers of Georgia Power, with a breakdown of the total into residential, commercial, and industrial groups.

b. The total number of participants in the RTP program as of December 31, 2003, with a breakdown of the total into residential, commercial, and industrial groups.

c. Indicate how long Georgia Power has offered the RTP program and describe the circumstances surrounding its implementation.

7. Refer to the Young Testimony, page 17.

a. Provide an estimate of the total cost that would be incurred to implement RTP in the KU service territory. Include in this estimate the cost of equipment at the customer's location, computer hardware and software required at KU, any upgrades in the telecommunications network to permit the transmission of RTP data to customers, and any other costs required for installation. Include all assumptions and cost support documentation used to determine the estimate.

b. Explain who would be responsible for paying for the costs to implement RTP in the KU service territory.

8. Mr. Young has recommended that any tariffs instituted for KU's customer classes be based on revenue indexing. Mr. Young also advocates the implementation of RTP. If revenues are kept constant under revenue indexing, and not dependent on the level of electricity sales, doesn't this lessen the benefits that could result from RTP? Explain the response.

9. Refer to the Young Testimony, page 18, lines 1 through 6, which states that seasonal rates could be expected to reduce summer peak loads and reduce KU's operating costs. Explain to what extent Mr. Young believes Louisville Gas and Electric Company's ("LG&E") seasonal rates have effectively reduced LG&E's operating costs.

10. Refer to the Young Testimony, page 23, concerning the Small Capacity and Large Capacity Cogeneration and Small Power Production Qualifying Facilities tariffs. Mr. Young makes reference to a proceeding in May 2004 relating to these tariffs. Identify the proceeding Mr. Young is referencing in his testimony.

Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
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Dated April 6, 2004

cc: All Parties