

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF KENTUCKY UTILITIES)
COMPANY TO REVISE RATES FOR SMALL) CASE NO. 2004-00200
POWER PRODUCTION AND COGENERATION)

O R D E R

On May 14, 2004, Kentucky Utilities Company ("KU") filed revised tariffs setting forth new rates for the purchase of energy from small power production and cogeneration facilities. The revised tariffs are designated "Second Revision of Original Sheet No. 22" and bear an effective date of June 14, 2004.

Based on the tariff filing and being otherwise sufficiently advised, the Commission finds that an investigation of the new rates is necessary to determine their reasonableness and such investigation cannot be concluded prior to the effective date. Consequently, pursuant to KRS 278.190(2), the Commission will suspend the new rates for one day and allow them to go into effect, subject to refund, on June 15, 2004.

IT IS THEREFORE ORDERED that:

1. KU's proposed tariff, "Second Revision of Original Sheet No. 22," is suspended for one day, to become effective, subject to refund, on June 15, 2004.
2. Within 15 days of the date of this Order, KU shall file its responses to the requests for information set forth in Appendix A, attached hereto.

Done at Frankfort, Kentucky, this 3rd day of June, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a horizontal line.

Executive Director

Case No. 2004-00200

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00200 DATED June 3, 2004

1. Refer to Attachments 1 and 2 of KU's May 14, 2004 filing. Attachment 1 lists proposed avoided cost rates for different transaction quantities during different time periods. Attachment 2 shows planned generation additions and the projected per-unit capacity costs and fuel costs of the different additions.

a. Provide a narrative description of how the per-unit capacity costs and energy costs shown in Attachment 2 were developed, along with the workpapers, calculations, spreadsheets, etc. that produce the cost levels shown therein.

b. Provide a narrative description of how the avoided cost rates shown in Attachment 1 were derived. The description should fully explain how the per-unit costs in Attachment 2 are reflected in the avoided cost rates in Attachment 1. Include the workpapers, calculations, spreadsheets, etc. that show the derivation of these avoided cost rates.