

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS )  
AND ELECTRIC COMPANY TO FILE ) CASE NO. 2007-00564  
DEPRECIATION STUDY )

APPLICATION OF LOUISVILLE GAS )  
AND ELECTRIC COMPANY ) CASE NO. 2008-00252  
FOR AN ADJUSTMENT OF ITS )  
ELECTRIC AND GAS BASE RATES )

O R D E R

On October 20, 2008, Geoffrey M. Young filed an application for rehearing of the Commission's October 10, 2008 Order denying his request to intervene ("Order Denying Intervention"). Mr. Young alleges in his application for rehearing that his interest in a clean environment constitutes a "special interest," as that term is used in the Commission's intervention regulation,<sup>1</sup> in Louisville Gas and Electric Company's ("LG&E") rate design sufficient to justify his intervention. He further contests many of the findings of fact set forth in the Order Denying Intervention, alleging that they are not supported by the record and are erroneous.

Based on the application for rehearing and being otherwise sufficiently advised, the Commission finds that the findings of fact set forth in the Order Denying Intervention were based on the statements set forth in Mr. Young's petition to intervene and his reply to LG&E's objections to his petition. Based on Mr. Young's statements in those

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<sup>1</sup> 807 KAR 5:001, Section 3(8)(b).

pleadings, the Commission finds no error in any of its findings in the Order Denying Intervention.

Mr. Young is a resident of Lexington, Kentucky. He receives no utility service, either electric or gas, from LG&E and he pays no rates to LG&E. Thus, neither the level of LG&E's rates, nor the structure of its rates, will have a direct impact on Mr. Young since he is not a ratepayer of LG&E.

Mr. Young's stated interest in LG&E's rate structure is based on his "interest in a clean environment."<sup>2</sup> As he stated in both his petition to intervene and in his application for rehearing, "The energy consumption patterns that will result from the set of tariffs and economic incentives established in this proceeding are likely to affect the total amount of electricity consumed and the environmental impacts caused by the generation of that electricity."<sup>3</sup> This statement is misleading since it fails to recognize that the rates and rate design to be set in this case are limited to retail sales, whereas the "total amount of electricity consumed," and the level of electricity generated by LG&E are determined by LG&E's combined retail and wholesale sales.<sup>4</sup> Any changes in retail consumption of electricity have a direct, inverse impact upon LG&E's supply of electricity for sale in wholesale markets.<sup>4</sup> Consequently, reducing LG&E's retail

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<sup>2</sup> Application for Rehearing at 2.

<sup>3</sup> Petition to Intervene at 3; Application for Rehearing at 3.

<sup>4</sup> LG&E's 2007 Annual Report, page 401, shows retail sales of 12.7 million MWhs and wholesale sales of 6.2 million MWhs.

<sup>5</sup> The Commission has no jurisdiction over sales in wholesale power markets or the rates for those sales.

consumption of electricity may not reduce the total amount of LG&E's electricity generated and consumed.

As the Commission stated in the Order Denying Intervention, our jurisdiction is limited to rates and service of utilities.<sup>6</sup> Issues relating to the environmental impacts of generating electricity have been delegated to other agencies, not to the Commission. Thus, the Commission cannot consider the environmental impact of generating electricity as a factor in establishing rates or rate design. The Commission notes that the Attorney General ("AG") has intervened in this case on behalf of ratepayers. The AG has consistently intervened on behalf of ratepayers in proceedings of this type and the AG is sufficiently knowledgeable on issues of rate-making and rate design.<sup>7</sup> Therefore, the Commission will deny Mr. Young's application for rehearing of the decision to deny his request to intervene.

IT IS THEREFORE ORDERED that Mr. Young's petition for rehearing is denied.

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<sup>6</sup> KRS 278.040(2).

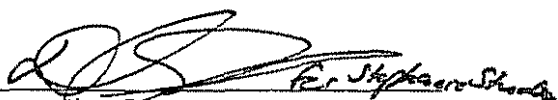
<sup>7</sup> See, for example, the AG's direct testimonies filed in LG&E's prior rate case, Case No. 2003-00433, covering the issues of rate design, cost-of-capital, and revenue requirements. Available at <ftp://162.114.3.166/PSCSCF/2003%20cases/2003-00433/>. Further, to the extent that energy policies are relevant in this proceeding, the AG has previously well represented those issues with the Commission. See, for example, Case No. 2006-00471, The 2006 Integrated Resource Plan of East Kentucky Power Cooperative, Inc.

Done at Frankfort, Kentucky, this 7th day of November, 2008.

By the Commission

Chairman Armstrong abstains.

ATTEST:

  
Executive Director

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