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PUBLIC SERVICE  
COMMISSION

Dear Public Service Commission

I'm writing in regards to the rate high Kentucky Utilities is seeking again this year. I am a 67 year old widow and live in a neighborhood where most of us are widowed on fixed incomes. I'm enclosing a newspaper clipping and a paper that was in my last electric bill - I do all I can to hold ~~the~~ down the cost of my electricity including getting rid of one freezer - yet my bill is not showing any decrease. I paid \$157.39 more for electric in 2004 than I did in 2003. All the neighbors are talking about their bill - mine was \$58.36 in Nov - 111.09 in Dec and it wasn't because of Christmas light for I didn't have any on except maybe 2 times for an hour - Us people on fixed incomes can not continue with these rate increases now should we have to while everyone jumps their rates by leaps & bounds. Sure we get a 2 1/2% rate increase to see it eaten up by higher insurance (medical), higher food and utilities plus the small amount we get. I say hold down the rate increases for 2005 for I don't feel the yearly increases are necessary -

Note  
The high-lighted places on  
the enclosed papers.

Thank you -  
Opsy Perryhoff  
65 Thom's Street  
Somerset, Ky 42503

**NOTICE TO CUSTOMERS OF  
KENTUCKY UTILITIES COMPANY  
RECOVERY BY ENVIRONMENTAL SURCHARGE OF KU'S 2004  
ENVIRONMENTAL COMPLIANCE PLAN**

**PLEASE TAKE NOTICE** that on December 20, 2004, Kentucky Utilities Company ("KU") filed with the Kentucky Public Service Commission ("Commission"), in Case No. 2004-00426, an Application pursuant to Kentucky Revised Statute 278.183 for approval of an amended compliance plan ("KU's 2004 Environmental Compliance Plan") for the purpose of recovering the capital costs of and operation and maintenance costs associated with new pollution control facilities, and the cost of emission allowances by way of assessment of an environmental surcharge on customers' bills beginning July 1, 2005, through KU's existing rate mechanism known as the environmental cost recovery surcharge or "Electric Rate Schedule ECR"

Compliance with all federal, state and local environmental regulations requires KU to continually build and upgrade equipment or facilities required to continue to operate in an environmentally sound manner. Specifically, beginning in 2005, KU will begin to build new Flue Gas Desulfurization systems ("scrubbers") at the Ghent Generating Station at Ghent, Kentucky and the E.W. Brown Generating Station at Burgin, Kentucky to meet current environmental SO<sub>2</sub> emission limitations; and modify the existing ash handling facilities at Ghent and expand the existing ash storage facilities at E.W. Brown to meet by-product disposal and water quality standards. The total capital cost of these new pollution control facilities is estimated to be \$702.5 million. In addition to the construction of these new pollution control facilities, KU expects, beginning in 2005 and continuing through 2008, to purchase emission allowances at market prices to continue to comply with current federal and state environmental regulations. The cost of these emission allowances, based on KU's current forecast, is estimated to be a total of \$58.1 million from 2005 through 2008.

The estimated impact on a residential customer using 1,000 kilowatt hours per month is expected to be an initial increase of \$0.81 for KU customers in 2005, with the maximum increase expected to be \$7.05 in 2009.

The Environmental Surcharge Application described in this Notice is proposed by KU. However, the Public Service Commission may make an order modifying or denying KU's Environmental Surcharge Application. Such action may result in an environmental fee for consumers other than the environmental surcharge described in this Notice.

Any corporation, association, body politic or person may, by motion within thirty (30) days after publication, request leave to intervene in Case No. 2004-00426. That motion shall be submitted to the Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervenor may obtain copies of the Application and testimony by contacting Kentucky Utilities Company at 220 West Main Street, Louisville, Kentucky, 40202, Attention: Kent W. Blake, Director, State Regulation and Rates. A copy of the Application and testimony is available for public inspection at KU's offices where bills are paid.

**Dear KU Customer,**

Kentucky Utilities Company is a member of the Midwest Independent Transmission System Operator, Inc. ("MISO"). The MISO incurs expenses that are shared among the MISO members, including KU. Our participation is expected to result in new expenses and revenues that KU has not previously incurred and that are not included in KU's current base rates. KU is seeking permission from the Kentucky Public Service Commission to pass along any expenses and revenues associated with retail service, to our retail customers. KU estimates that the net "pass-through" will be a charge of \$0.0002/kilowatt-hour used. For a typical residential customer using 1,000 kwh per month, this estimated pass-through charge will amount to approximately \$0.20 (twenty cents) per month. The text below is included to comply with Kentucky Public Service Commission regulations regarding notice of tariff changes to customers. If approved as filed, this change will be included no sooner than your May 2005 bill.

**NOTICE TO CUSTOMERS OF  
KENTUCKY UTILITIES COMPANY**

**PLEASE TAKE NOTICE** that on December 1, 2004, Kentucky Utilities Company ("KU") filed with the Kentucky Public Service Commission ("Commission"), an Application pursuant to Kentucky Revised Statutes 278.180 for approval of a ratemaking mechanism for the recovery of its monthly net costs and revenues associated with the Midwest Independent Transmission System Operator, Inc. ("MISO")'s Open Access Transmission and Energy Markets Tariff ("EMT") not already included in KU's existing electric base rates. The EMT is a wholesale power tariff filed with and approved by the Federal Energy Regulatory Commission for the purpose of allowing MISO to conduct and administer real-time and day-ahead energy markets. KU is a member of MISO and effective March 1, 2005, will begin participating in these wholesale energy markets under the terms and conditions of the EMT.

The ratemaking mechanism proposed by KU, titled "MISO EMT Costs and Revenues Recovery Mechanism" is shown below:

Applicable: In all territory served.

Availability of Service: To all Standard Rate Schedules and Pilot Programs.

- (1) The monthly amount computed under each of the rate schedules to which this mechanism is applicable shall be increased or decreased by the Midwest Independent System Operator (MISO) Cost Recovery Component (MCRC) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\frac{\text{NCR} + \text{BA}}{\text{S}}$$

NCR = MISO Net Costs and Revenues in the second preceding month, as defined below.

BA = Balance Adjustment amount, as defined below.

S = Average Monthly Billed Kilowatt-Hours, as defined below.

- (2) MISO Net Costs and Revenues (NCR) shall be the total of:
- (a) The Midwest ISO Management Costs billed KU under Service Schedule 16 – Financial Transmission Rights Administrative Service Cost Recovery Adder of the Midwest ISO OATT or any successor Tariff, plus



mas St  
et, Ky 42503

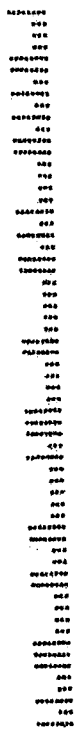
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Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Ky. 40602



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