

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

GENERAL ADJUSTMENT OF RATES)
OF KENTUCKY UTILITIES) CASE NO. 7804
COMPANY)

O R D E R

On October 1, 1980, the Commission issued an Order in the above styled case wherein the matter of how franchise fees required by and paid to municipalities should be recovered by the utility.

The Commission ordered that the local government franchise fees shall be listed as a separate item on the customers' bills from which the fee is derived, showing the amount and designating the unit of government to which the fee is payable. The Commission further ordered Kentucky Utilities Company to file a plan to implement this franchise billing within fifteen (15) days of the date of the Order.

On October 16, 1980, Kentucky Utilities Company filed their proposed Franchise Billing Plan with the Commission.

The Commission, after review of the evidence of record, and being advised, finds:

1. That the Franchise Agreements between Kentucky Utilities Company and various municipalities are based upon three (3) percent of the gross receipts and the amount of franchise revenue is determined from the gross receipts on sales of electricity to residential and commercial customers within the municipal franchise area. The revenue derived from residential and commercial sales is divided by total kilowatt hour sales in the franchise area. This calculation produces a billing factor that is to be applied to all customers' bills. For example, based on the plan filed by the Company, the billing factor for the Lexington-Fayette County Urban Government would approximate 1.5%. The plan herein approved by the Commission will produce a slightly lower billing factor.

2. That paragraph No. 2 of the Franchise Billing Plan, insofar as it makes exception to the local government which granted the franchise, is unfair, unjust and not in the public interest and should be denied.

3. That the billing plan as set out in Appendix "A" attached hereto is fair, just and reasonable and should be approved.

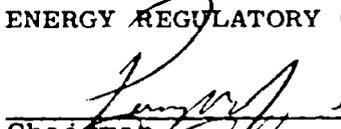
IT IS THEREFORE ORDERED, that the Franchise Billing Plan as filed by Kentucky Utilities Company is unfair, unjust and not in the public interest, and is hereby denied.

IT IS FURTHER ORDERED, that the Franchise Billing Plan set out in Appendix "A" attached hereto and made a part hereof is approved for services rendered on and after the date of this Order.

IT IS FURTHER ORDERED, that Kentucky Utilities Company shall file with the Commission within thirty (30) days from the date of this Order its revised tariffs to reflect the Franchise Billing Plan as approved herein.

Done at Frankfort, Kentucky, this 5th day of November, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7804 DATED NOVEMBER 5, 1980.

The following rates and charges are prescribed for the customers in the area served by Kentucky Utilities Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the date of this Order.

Franchise Billing Plan

1. Effective for service on and after October 1, 1980, within a city, town or urban county area with respect to which the Company has a franchise requiring payments by the Company based in any manner on revenues from service in such area, there shall be included, as part of the Company's rates in each franchise area, an additional charge determined in accordance with this Franchise Billing Plan.

2. The amount of such additional charge shall be determined and added to monthly and bi-monthly customer billings for all Kentucky jurisdiction revenue classifications in the franchise area.

3. The additional charge to each customer's bill shall be determined by a factor equal to the anticipated annual franchise payment for each franchise area, divided by the anticipated annual revenues of the Company for such area, multiplied by the customer's bill as otherwise determined under the Company's rate tariff.

4. The billing factor shall be determined for each calendar year, subject to periodic review and adjustment during the year for any material changes affecting the billing factor. The amount by which the additional charges collected for any franchise area exceed or are less than the franchise payment due for such area shall be credited or charged by appropriate adjustment to the billing factor.

5. The amount of the additional charge shall be listed as a separate item on customers' bills, showing the amount and designating the unit of government to which the payment is due.