

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

GENERAL ADJUSTMENT IN ELECTRIC)
AND GAS RATES OF LOUISVILLE) CASE NO. 8924
GAS AND ELECTRIC COMPANY)

O R D E R

On June 27, 1984, Louisville Gas and Electric Company ("LG&E") filed a motion for clarification alleging that the Commission's Order entered May 16, 1984, is unclear as to the intended effective date of new LC and LP time-of-day rates ("TOD rates"), and requesting the Commission to declare that said rates were effective May 14, 1984. LG&E alleges that clarification is needed because the Commission explicitly ordered that May 14, 1984, was the effective date for the new rates set forth in Appendix A to the Order ("Appendix A"), but the TOD rates were not included in the appendix. The derivation of the TOD rates appears on page 48 of the Order, and LG&E was granted 20 days to file new TOD rate tariffs. On June 5, 1984, LG&E filed its new TOD rate tariffs reflecting an effective date of May 14, 1984, and they were accepted by the Commission.

In response to LG&E's motion for clarification, a memorandum in opposition was filed on July 11, 1984, by Arco Metal Company, E. I. du Pont de Nemours and Company, Ford Motor Company, Kosmos

Cement Company, Inc., and Olin Corporation ("Industrial Intervenors"). Industrial Intervenors state that the Commission's Order entered May 16, 1984, approved new rates which were set forth in an appendix thereto, effective for service rendered on and after May 14, 1984. They argue that since Appendix A states that "[a]ll other rates and charges not specifically mentioned herein shall remain the same..." and since TOD rates are not mentioned therein, the Commission's Order set no new TOD rates to be effective May 14, 1984.

Industrial Intervenors further allege that the omission of TOD rates from Appendix A, combined with the Commission's directive that LG&E file new TOD rates and supporting workpapers within 20 days of the May 16, 1984, Order, indicates that neither the Commission nor LG&E had calculated the TOD rates as of May 16, 1984. Consequently, they argue that any attempt to bill rates not on file with the Commission violates KRS 278.160(2), which prohibits a utility from charging a greater or lesser rate than that prescribed in its filed tariffs.

On July 17, 1984, LG&E filed a rejoinder alleging that the absence of an effective date for the new TOD rates approved by the May 16, 1984, Order was an oversight and that the Commission has the authority to correct such an oversight.

Based on LG&E's motion and rejoinder, Industrial Intervenors' memorandum in opposition, the evidence of record and being advised, the Commission is of the opinion and hereby finds that:

1. By Order entered May 16, 1984, the Commission found the rates in Appendix A, attached thereto, to be fair, just and reasonable rates for LG&E, and to produce gross annual revenues based on adjusted test year sales of approximately \$669,958,991.

2. The rates in Appendix A were approved for service rendered on and after May 14, 1984.

3. Appendix A did not contain any TOD rates but the Order, at page 48, approved a methodology for LG&E to utilize in calculating new TOD rates to be filed within 20 days.

4. The rates contained in Appendix A will produce gross annual revenues significantly less than \$669,958,991 because the new TOD rates are not contained therein.

5. At the hearing held on March 22, 1984, a procedure was discussed whereby the Commission would approve an increase for TOD rates, in conjunction with the methodology for their calculation, with the rates being filed within 20 days in lieu of their inclusion in the appendix.

6. KRS 278.160(2) prohibits utilities from charging rates that differ from those in their filed schedules, while KRS 278.160(1) authorizes the Commission to designate the form and the time within which those schedules shall be filed.

7. KRS 278.160 authorizes the Commission to allow utilities to file schedules showing new rates subsequent to their approval and effective date.

8. The Commission's Order entered May 16, 1984, approved new TOD rates with the intent that they be effective concurrently with all other new rates on May 14, 1984.

IT IS THEREFORE ORDERED that Finding No. 1 on page 50 of the Commission's Order entered May 16, 1984, be and it hereby is amended as follows:

1. The rates in Appendix A and the LC and LP Time-of-Day rates addressed on page 48 are the fair, just and reasonable rates for LG&E and will produce gross annual revenues based on adjusted test year sales of approximately \$669,958,991.

IT IS FURTHER ORDERED that the first ordering paragraph on page 51 of the Commission's Order entered May 16, 1984, be and it hereby is amended as follows:

IT IS THEREFORE ORDERED that the rates in Appendix A and the LC and LP Time-of-Day rates addressed on page 48 be and they hereby are approved for service rendered by LG&E on and after May 14, 1984.

Done at Frankfort, Kentucky, this 20th day of August, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Hemen
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:

Secretary