

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY )  
TO AMORTIZE, BY MEANS OF TEMPORARY ) CASE NO.  
DECREASE IN RATES, NET FUEL COST SAVINGS ) 93-113  
RECOVERED IN COAL CONTRACT LITIGATION )

O R D E R

IT IS ORDERED that the Attorney General ("AG") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record, no later than September 20, 1993. If the information cannot be provided by this date, the AG should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which the information will be furnished. Such motion will be considered by the Commission. The AG shall furnish with each response the name of the witness who will be available at the public hearing to respond to questions concerning each item of information requested.

1. At pages 7 and 8 of his testimony, Mr. DeWard recommends a one-time bill credit in the first month after a final Order in this case. In the event the one time bill credit exceeds the monthly billing, Mr. DeWard recommends that checks be issued for the difference.

a. Explain why this approach is more appropriate than crediting the customer's account and allowing the credit to offset monthly bills until the credit is exhausted.

b. (1) Identify who should bear the cost of issuing the checks.

(2) Explain why that party should bear these costs.

c. State the additional costs which KU would incur in preparing the checks for any excess and the net benefit to the ratepayers of this proposal.

2. At page 10 of his testimony, Mr. DeWard discusses the impact which the various distribution plans may have on the economy. Explain why a proposal's economic impact should be considered.

3. Refer to Mr. DeWard's testimony, pages 12 and 13. Explain the equity of limiting the amount of a former customer's share of the fuel cost savings if it is less than administrative costs.

4. On pages 54 and 55 of his testimony, Mr. DeWard discusses the possible windfall KU would receive if the Virginia State Corporation Commission ("Virginia Commission") and the Federal Energy Regulatory Commission ("FERC") allow the offset of amounts related to litigation costs and the overcollection of fuel costs on inter-system sales. Mr. DeWard states that this possible windfall should be added to the pool funds available to Kentucky jurisdictional customers or be used to offset any cost to claims. If the monies related to the possible windfall are due to amounts paid by Virginia or wholesale customers, explain how these monies can be allocated and distributed to Kentucky jurisdictional customers or used to offset Kentucky jurisdictional costs.

5. Refer to Mr. Deward's testimony, pages 55-62.

a. For each element of each proposed plan of distribution in which a tax impact is discussed, provide citations to the appropriate section(s) of the Internal Revenue Code.

b. (1) State whether Kentucky Income Tax laws will affect the proposed plans of distribution.

(2) If yes, describe how Kentucky Income Tax law will affect the proposed plans.

6. State whether the AG's distribution plan conflicts with the regulatory requirements of the fuel adjustment clause. Explain your response.

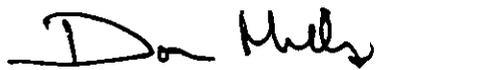
7. KU has filed distribution plans with the Virginia Commission and the FERC. Describe what impact, if any, those commissions' decisions should have on the final disposition of this proceeding.

Done at Frankfort, Kentucky, this 13th day of September, 1993.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director