COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION OF THE APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF KENTUCKY UTILITIES COMPANY FROM NOVEMBER 1, 1998 TO APRIL 30, 1999	)	CASE NO. 98-564-A

O R D E R

IT IS ORDERED that Kentucky Utilities Company ("KU") shall file the original and 8 copies of the following information with the Commission no later than August 12, 1999, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this Order.

1. Refer to KU s Response to KIUC Data Request, Item 1, page 24 of 55. Beginning with the expense month of January 1999, KU reduced its loss percentage for Intersystem Sales at Transmission Voltage (IS-T) from 3.10 percent to 1.0 percent.

a. Why did KU reduce its reporting of intersystem line loss?

b. What corresponding changes, if any, were made to KU s transmission rate schedules on file with the Federal Energy Regulatory Commission (FERC)? When did these changes occur?

c. How long has KU used a line loss factor of 3.1 percent for intersystem sales?

d. How was the original line loss factor of 3.1 percent derived?

2. The level of power purchases reported on KU s monthly Form B, Page 2, Sheet 1 of 2, for the period under review, does not agree with the purchases reported on KU s monthly Form A, Page 3 of 5. The table below illustrates the disagreement.

(1) **Month**	(2) **Purchases including Interchange In**	(3) **Internal Economy**	(4) **Internal Replacement**	(5) **Total Energy Sources Excluding Generation Net**	(6) **Total Purchases Form B, Page 2***	(7) **Difference** *(6)-(5)*
November 1998	348,759,563	198,003,000	2,305,000	549,067,563	549,083,000	15,437
December 1998	419,782,230	52,101,000	13,603,000	485,486,230	485,499,000	12,770
January 1999	391,096,507	38,980,000	24,177,000	454,253,507	454,313,000	59,493
February 1999	314,776,000	29,090,000	20,728,000	364,594,000	377,161,000	12,567,000
March 1999	229,152,000	102,426,000	13,538,000	345,116,000	346,040,000	924,000
April 1999	353,234,000	137,739,000	6,892,000	497,865,000	504,502,000	6,637,000

*The information contained in columns (2) through (5) is taken from Form A, Page 3 of 5.

a. Explain why the two reporting forms disagree.

b. If the difference between columns 5 and 6 is due to interchange-in, explain why negative interchange-in was not considered interchange-out and included in Inter-system Sales including interchange-out on Form A, Page 3 of 5?

3. Refer to KU s Response to KIUC Data Request, Item 1, page 10 of 55. Describe the transaction represented by the entry All Companies Adjustment.

4. In its Response to KIUC Data Request, Item 3, KU states: It should be noted that the fuel cost associated with these losses [line losses incurred over third party transmission systems] has been taken into account in the calculation of the fuel

adjustment clause factors for the period under review. Explain this statement and show how these losses have been taken into account.

5. Refer to KU s Response to KIUC Data Request, Item 4. In Case No. 96-523[1], Paul Normand testified that KU s line loss factor for intersystem sales was one percent. Explain why KU did not change the line loss factor for its monthly fuel adjustment clause reports after introducing Mr. Normand s study and testimony in early 1997 in that proceeding, but chose to make such changes based upon Mr. Normand s more recent study.

6. During the period under review, what line loss factor(s) did KU advertise on the OASIS system for transmission services across its transmission system? If KU advertised more than one line loss factor, identify each line loss factor advertised and the time period during which it was advertised.

7. Refer to KU s Response to the Commission s Order of June 23, 1999, Item 6, page 2 of 7. Define the term paired transaction.

8. Refer to KU s Response to the Commission s Order of June 23, 1999, Item 9. What is the source of the information used to compile the ranking contained in this response?

Done at Frankfort, Kentucky, this 30th day of July, 1999.

By the Commission

ATTEST:

____
Executive Director

---

[1] Case No. 96-523, An Examination By the Public Service Commission of the Application of the Application of the Fuel Adjustment Clause of Kentucky Utilities Company from November 1, 1994 to October 31, 1996.