

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE	)	
COMMISSION OF THE ENVIRONMENTAL	)	
SURCHARGE MECHANISM OF KENTUCKY	)	CASE NO. 98-624
POWER COMPANY D/B/A AMERICAN ELECTRIC	)	
POWER AS BILLED FROM JANUARY 1, 1998	)	
TO JUNE 30, 1998	)	

O R D E R

On December 21, 1998, the Commission initiated this proceeding to review Kentucky Power Company's ( Kentucky Power ), d/b/a American Electric Power, environmental surcharge as billed to customers from January 1, 1998 through June 30, 1998.<sup>1</sup> Pursuant to KRS 278.183(3), the Commission must review, at six-month intervals, the past operations of the surcharge and, after hearing, disallow any surcharge amounts that are not just and reasonable and reconcile past surcharge collections with actual costs recoverable.

In anticipation that those parties to Kentucky Power's last six-month review would desire to participate in this proceeding, the Attorney General's Office ( AG ) and the Kentucky Industrial Utility Customers ( KIUC ) were deemed parties to this proceeding. A public hearing was held on March 30, 1999.

In the recently concluded proceeding approving the indirect transfer of control to Kentucky Power, Case No. 99-149, the AG, KIUC and Kentucky Power entered into an

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<sup>1</sup> Since Kentucky Power's surcharge is billed on a two-month lag, the amounts billed from January 1998 through June 1998 are based on costs incurred from November 1997 through April 1998.

agreement which provided that there will be no adjustment to the environmental surcharge for the period under review in this proceeding.<sup>2</sup> The Commission, having found this agreement to be reasonable in Case No. 99-149, will implement the provision that there be no adjustment to the environmental surcharge as billed to customers from January 1, 1998 through June 30, 1998.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's environmental surcharge as billed for the six month period January 1, 1998 through June 30, 1998 is accepted as just and reasonable and no adjustments shall be made.

2. Kentucky Power shall continue to use a weighted average cost of capital of 9.203 percent in all monthly environmental surcharge filings.

3. This proceeding is closed.

Done at Frankfort, Kentucky, this 15<sup>th</sup> day of July, 1999.

By the Commission

ATTEST:

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Executive Director

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<sup>2</sup> Case No. 99-149, Joint Application of Kentucky Power Company, American Electric Power Company, Inc. and Central and South West Corporation Regarding a Proposed Merger, June 14, 1999 Order at 7 and Appendix thereto at 3.